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ABSTRACT

In one of a series of hearings held in communities around the nation on the reauthorization of the Higher Education Act of 1965, the Subcommittee on Postsecondary Education met to hear testimony from higher education administrators and others from the state of North Carolina. The witnesses addressed a full range of issues concerning higher education and the role of the reauthorization including education of the labor force, reform of student financial aid, postgraduate education, institutional aid, historically black colleges and universities, minority access to higher education, science education, single sex education, loan repayment, and simplification of the application processes. Among those appearing were two students from North Carolina State University and the University of North Carolina respectively, as well as administrative offices of St. Augustine's College, Duke University, Western Piedmont College, North Carolina State University, Barton College, and the North Carolina Association of Independent Colleges and Universities. Officials representing a Raleigh computer institute, Wake Community College, the University of North Carolina, Saint Mary's College, and Meredith College, as well as two representatives to Congress from North Carolina and representatives of North Carolina Central University, North Carolina System of Community Colleges, and Shaw University also tetified. The prepared statements of the witnesses and supplemental materials are included. (JB)

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965: RALEIGH, NORTH CAROLINA

ED342300

HEARING

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

HEARING HELD IN RALEIGH, NC, JUNE 28, 1991

Serial No. 102-72

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

FRIDAY, JUNE 28, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Raleigh, NC.

The subcommittee met, pursuant to notice, at 9 a.m., McKimmon Center, Western Avenue and Gorman Street, North Carolina State University, Raleigh, North Carolina, Hon. Thomas C. Sawyer presiding.

Members present. Representatves Sawyer and Roemer.

Also present: Representatives Price and Valentine.

Staff present: Maureen Long, legislative associate and Gloria Gray-Watson, administrative assistant.

Chairman SAWYER. It is a pleasure to welcome you all here today. To do that in the way that it should probably be done, let me begin by turning to my colleague and our friend, Mr. Price.

STATEMENT OF HON. DAVID E. PRICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. PRICE. Thank you. I wish to add my welcome to the subcommittee, all of the witnesses and all of you here today who are interested in the future of higher education in this country.

We are privileged to have the Subcommittee on Postsecondary Education visiting us here today. Chairman Ford, Bill Ford, who is the Chairman of the full Education and Labor Committee, and also the subcommittee, though he could not be here today, has been instrumental in setting up this hearing since I first approached him back in the winter months.

We are grateful for his help in setting up this hearing today and dispatching two of his fine committee members here to North Carolina to conduct the hearing.

Tom Sawyer has come to North Carolina this morning to chair the hearing.

Tom, as many of you know, is an education leader in Congress. He particularly is well-known for his work in the fight against illiteracy. He is prime sponsor of the national illiteracy initiative which has now cleared the House of Representatives. I think it will become law before this Congress goes home.

Tom has also championed the cause of higher education. We are very privileged to have him here, along with Tim Roemer on my

left from Indiana, a new Member of Congress who has already distinguished himself on his thoughtful approaches to education.

It is always a pleasure to see Tim Valentine, who represents the neighboring and intersecting second district, and at least for now, until the General Assembly makes its next move.

We have worked together on a number of things including numerous higher education matters. His commitment to higher education is underscored by his appearance here today.

Our friend, Martin Lancaster, who represents the third district, also helped us in the planning and setting up of this hearing, and he sends his welcome and regrets that he had a prior commitment that prevented him from joining us.

This hearing here today will focus on a matter of critical importance to this country, the Reauthorization of the Higher Education Act.

This act is critical to expanding opportunity for people in our society to ensure that our country has a solid foundation for economic growth.

One of the best investments this country could make in its future is to have a lot of well-functioning higher education programs. The true significance of this legislation can best be seen, I think, by remembering what it means to each individual. We will try to focus on that here today.

When achieving its highest promise, the Higher Education Act offers our Nations' youth a chance to go to college regardless of family income. When it is achieving its promise, the Higher Education Act assures that students will have the best resources available to them in terms of challenging and provacative teachers and library resources, all that higher education has to offer to make a brighter world for our young people.

When it is achieving its highest promise, the Higher Education Act will provide students with new opportunities and challenges, learning about far away places, chances to go on to graduate studies, to excel in their chosen fields.

This is indeed legislation that has meaning for every American family. That, frankly, is why many of us find President Bush's proposals for the Higher Education Act so disappointing.

The 1980's has seen trends that are worrisome and we need to face those problems squarely today. We have had a shift in Federal aid from grants to loans, leaving our students with heavy debts and reducing their career options.

In the mid-1970's, 70 percent of the Federal aid was grants and 20 percent was in the form of loans. By 1987 and 1988, 67 percent was in loans and 29 percent was in the form of grants.

The President's proposals, I believe, have exaggerated those trends. First, he proposed dramatic cuts in the Pell Grant program, and now he has recommended changes in the Pell Grant formula and cut some 400,000 middle class students from the program.

Students coming from families earning in the $20,000 to $35,000 range would be cut from the program, but so would families just over the $10,000 threshold.

The Bush administration seems to want us to believe that only the wealthy would be cut from the Pell Grant program, but in fact,

it is only the low to middle income folks that would be hurt. That is simply not acceptable.

It is these families who are bearing the brunt of these cuts and it is these families who are being increasingly squeezed by the cost of higher education.

This hearing today, and others held throughout the country—this subcommittee has certainly been on the move now, holding dozens of hearings all over the country, and every Member, I understand, is being pressed into service—offer some chances to lay the groundwork for fulfilling the potential of the Higher Education Act. With this distinguished group of witnesses today, I believe we are going to tackle some tough issues.

Our priorities for this hearing ought to be to provide students with the very best education, to improve access for all students, regardless of income or race, to make student loan programs more accountable and more effective, and to internationalize American education and train our people for a global economy and for world leadership.

These and other matters will occupy us today and we could not have a better group of witnesses to lead us through this. I look forward to hearing the testimony of all our witnesses here today.

Thank you, Mr. Chairman.

Chairman SAWYER. Thank you very much. I appreciate your kind words about illiteracy. Your help in that effort has been signaled. We have been moving that goal through the House and Senate and that is how it became such a popular package, so effective a flotation device that it took on more baggage than perhaps we carried through the entire Congress.

But it almost made it through, and finally stalled in the final hours and last days of the session last year. Your work in that, math and science education, has been very important.

The purpose of our area today is to give Congress and this subcommittee an opportunity to hear thoughts of this distinguished panel. Subsequently, the purpose will be to share your testimony with the full membership of the Education and Labor Committee, and making it an official part of the Higher Education Act hearing record.

This is a once every five year undertaking and is an enormous task. As Congressman Price suggested, this represents I believe the 27th in a series of 46 hearings that we are conducting on this.

For those of you from the South, I believe that Chairman Ford's glacial approach to achieving consensus is simply going to wear us down until we all agree. The task, of course, is formidable. It is the 11 titles of the Higher Education Act covering the full range of issues that we are dealing with this year that you confront day-in and day-out.

All of them are important, but to debate on this year's Higher Education Act reauthorization will focus on a couple of central issues.

The arduous role of the Federal Government in higher education is the Federal student financial aid programs. The way in which the public and the Federal Government help increase the public awareness in postsecondary education opportunities and students'

access to the full range of postsecondary possibilities may well define where we are going in the next century.

The Chairman and Members of both parties of the House Subcommittee on Postsecondary Education, I think, are united in our determination to review all of the programs in the act.

There is a full consensus among the Members of the importance of education, and particularly the importance of making sure that every American who wants to take advantage of it has that opportunity: students from low income families, traditional middle income students whose college choices today are being limited or even denied in ways that they probably wouldn't have a few years ago.

Through this, the family income is just not being able to keep pace with the skyrocketing cost of higher education. It is important to assure that reasonable financial assistance will remain available and that the standards of education for workers who need additional training and skills to do their job, whose jobs require that they must pursue higher education on a part-time basis, remain high.

A lot of programs will be changed, and others will remain essentially the same, but in the course of these 46 hearings, none will go unexamined.

The witnesses we have here today reflect the diversity of the postsecondary education community and the diversity of the various educational needs of this Nation's population. Your testimony will be a key element in that, and on behalf of the full committee, I just want to say thank you for your full participation today.

With us today is a gentleman who has become a jet-setter. He is literally going to have to be all over the eastern half of the United States. He is one of the real outstanding contributors among the new Members of Congress. Hailing from Indiana, Tim Roemer.

Mr. ROEMER. Thank you, Mr. Chairman. I, too, appreciate the opportunity to be with you and welcome the distinguished panelists this morning. I also would like to salute my colleagues' participation and involvement in higher education.

We are not sure what to call Congressman Price since he has such a distinguished career in academia. We need that clear thinking and that analytical ability in Congress these days.

We also need his commitment to higher education as we contemplate ways in this reauthorization of higher education by which we provide better access for middle class and low income people.

I would just like to salute and commend my colleague, David Price, for his involvement in Congress and education and his interest in putting this hearing together.

I also would like to salute and commend my colleague also from North Carolina, Mr. Valentine. He is chairman of a very, very important subcommittee on technology competitiveness.

As we look at trade, the importance of trade and the importance of a skilled work force, competing with the Japanese and Germans, and the importance of technology in our community, Mr. Valentine's subcommittee and his leadership are going to become more and more critical in Congress.

I think his role is very, very important, and that will continue to grow as well. I concur with Congressman Prices' remark about

Tom Sawyer's leadership in Congress on education issues. We younger Congressmen look to him for guidance, and he provides it.

I would like to talk for a minute about the importance of higher education. We all recognize the importance of trade and competitiveness that Tim Valentine is working on, that we need skilled workers, both in our blue collar community and in our white collar community.

In the 6 months that I have served on the Education and Labor Committee, not only have I had a dozen CEO's from my district come in to talk to me about the business commitment and involvement in higher education, but CEO's from Honeywell and IBM, to corporate leaders from California and New York visit my office to talk about the importance of education.

We need to encourage a relationship between government and business and the academic community that works together. I think North Carolina and the triangle here epitomizes that kind of cooperative and symbiotic relationship.

International education is a key to our future, and analysts will be addressing that aspect today in these hearings. Language skills, understanding different cultures, bridging gaps in this trade relationship are also critical to us in the future.

Recently, I led a delegation of academic business leaders to Indianapolis to meet with a Korean delegation and to encourage our businesses to understand what it takes to get into new trade and export relationships with the Koreans, and China as well. We need to export products and not export our jobs in this country.

Lastly, as both David and Tom have talked about, the reauthorization of the Higher Education Act is one of the most important pieces of social/economic legislation that will come before Congress in the next 5 to 6 years dealing with billions of dollars in Pell grants and Stafford loans and guaranteed student loans.

As a student from a middle class family, myself, and paying a student loan right now, I might not have gone to graduate school if the administration had its proposal in effect.

I think many people in Congress will work to make sure that the administration does not take 400,000 low income and middle class grants away from these people.

I would just like to conclude by saying that I am honored to be here today in this particular area of the country. We, in the Washington, DC area, need to listen to common sense approaches.

These are approaches that are devised oftentimes at the local level by our academic and business leaders in this particular area of the country. With the research triangle, with nine universities in Representative David Price's district alone, we will bring back to Congress and back to our committee and hopefully to the country and our children, innovative and creative new approaches to higher education.

I look forward to hearing some of these views this morning. I thank the witnesses for what I am sure will be an articulate version of expert testimony this morning.

Thank you, Mr. Chairman.

Chairman SAWYER. Let me turn now to Tim Valentine.

David and Tim Roemer just about said it all, except let me just add this. Tim Valentine is a very special part of the country and

represents a kind of leadership that expands the early years of growth and fruition of one of the examples of the importance of bringing education together with the practical realities of developmental needs of an entire nation, making all of its citizens able to participate in the growth and wealth that comes from it.

Tim, it is a privilege for us to be here with you.

STATEMENT OF HON. TIM VALENTINE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. VALENTINE. Thank you.

As you said, I say to our witnesses perhaps by way of explanation and maybe by way of apology, that I am sure you didn't realize that some of the first people to testify would be the Members of Congress.

You have to be prepared for all eventualities in this type of work. I want to say to my colleagues who are here that come to our area from afar, that we welcome them and appreciate the fact that they would have the interest and take the time from their busy schedule to come and be with us.

It isn't an easy task to get Members to come to one's district, so I think this is attributed to David Price and other outstanding leadership.

I want to say a word of praise for Tom Sawyer. What a wonderful name for a politician. He is another man who has brought a lot of energy and wide resources and extensive personal talents and abilities to the position that he has had kind of thrust upon him, responsibilities at a very early age.

It is Tim Roemer who serves on our Technology and Competitiveness Subcommittee, and makes an outstanding contribution. He has another claim to fame which I am proud to mention, and that is he is one of the very select, very small group of charming and outstanding Members of the House by the name of Tim.

I am not a Member of this committee, so therefore I am beholden to my colleagues to be here on this occasion. Let me say, Mr. Chairman, I would request that my prepared statement be placed in the record, but from the text—I want to be sure to get this right—I would like to take this opportunity to say this.

We, in our responsibility on this Subcommittee on Technology and Competitiveness, which is a subcommittee of the Science, Space and Technology Committee, plan to introduce in the near future, and it is in preparation now, legislation which would provide apprentice-like experiences, advanced technological and industrial management skills.

Our bill would encourage State governments to restructure and fully develop their technical education and technical training activities. The goal will be to unify the statewide systems and private sector manufacturers with the technological and economic needs of localities and the State.

The technical colleges, technical institutes and community college systems throughout the country will be a basic part of the responsibility which we hope to address in this legislation.

Let me say finally, Mr. Chairman, that I cannot let an opportunity of this kind, with so many outstanding leaders in the State of

North Carolina present, be here and not have it said to you what I have said before on many occasions, what I believe with all my heart to be a fact. Whatever we do in Washington in this or other areas, as it is expressed, will raise all the ships in the harbor, some more than others, because of failures of the institution.

What we need in North Carolina is, in my opinion, more of a local effort to address these problems, more attention from the legislators here in this State to re-order priorities so that we can really begin to make a commitment toward addressing the problems we have, and which is fairly well-known in this State in public education.

I know that everybody here shares that thought, and I want to say to you that many of us who are a part of that growing number of people who believe that the future of this State depends on the heavy, more focused and revitalized emphasis on the availability of education.

We cannot tolerate the illiteracy rate that exists in parts of our districts across the State. Our visitors have come to the better part of North Carolina. Most of us here know that there is another part removed from this area.

In some areas of our State and my district, the illiteracy rate approaches that of third world countries. It is all a very shameful circumstance. That is to be addressed technically in the future. It is going to be for us here at home in North Carolina to take care of it.

Thank you, Mr. Chairman.

[The prepared statement of Hon. Tim Valentine follows:]

OPENING REMARKS
THE HONORABLE TIM VALENTINE (D-NC)
EDUCATION FIELD HEARING IN RALEIGH, NORTH CAROLINA

THANK YOU MR. CHAIRMAN. AND THANK YOU FOR INVITING ME TO THIS IMPORTANT HEARING ON POSTSECONDARY EDUCATION. DUE TO OUR LARGE NUMBER OF EXPERT WITNESSES TODAY, I WILL KEEP MY COMMENTS BRIEF.

FOR YEARS, OUR STRENGTH AS A NATION HAS BEEN LARGELY DUE TO OUR ABILITY TO SEND LARGE NUMBERS OF YOUNG PEOPLE TO COLLEGE EACH YEAR. DURING THE 1990S, THOUGH, OUR ABILITY TO DO THIS IS IN QUESTION. MORE AND MORE FAMILIES ARE FINDING THAT THE COST OF HIGHER EDUCATION IS SLIPPING OUT OF REACH. THIS IS AT A TIME WHEN QUALITY EDUCATION OF ALL TYPES IS BECOMING MORE AND MORE IMPORTANT.

I THINK THE MOST STRIKING CHANGE OF THE 20TH CENTURY--ONE THAT IS FUNDAMENTAL AND IRREVERSIBLE--IS THE EMERGENCE OF THE GLOBAL ECONOMY. TODAY, NO NATION ON EARTH CAN AFFORD TO STAND ALONE ECONOMICALLY.

IF WE WISH TO COMPETE IN THE FUTURE--AND I SINCERELY BELIEVE WE DO--WE MUST KEEP THE NEW IDEAS OF BASIC RESEARCH FLOWING DIRECTLY INTO CLASSROOM CURRICULA AND THE MINDS OF OUR NATION'S YOUNG PEOPLE. WE MUST ALSO HAVE THE BEST TECHNICALLY TRAINED, INVENTIVE, AND FLEXIBLE WORKFORCE OF ANY NATION. WE MUST HAVE A CITIZENRY CAPABLE OF MAKING PRUDENT JUDGMENTS ABOUT TECHNICALLY-BASED ISSUES.

TO DO THIS WE NEED TO PROVIDE THE OPPORTUNITY FOR YOUNG PEOPLE TO RECEIVE QUALITY EDUCATION AND TRAINING. BUT, FOR TOO MANY YOUNG PEOPLE, WE ASSUME FAILURE AND TOO MANY YOUNG PEOPLE FAIL THEMSELVES.

THIS MUST BEGIN TO CHANGE RIGHT NOW. WE MUST ENSURE OPPORTUNITIES FOR STUDENTS TO EARN DEGREES OF ALL KINDS IN THE TRADITIONAL FIELDS OF SCIENCE, MATHEMATICS AND ENGINEERING, BUT ALSO IN MORE APPLIED TECHNICAL AREAS OF STUDY AS WELL. AND WE NEED TO SHOW OUR YOUNG PEOPLE IN CLEAR AND UNMISTAKABLE TERMS THAT THEIR HARD WORK MAKES A DIFFERENCE; THAT THERE ARE STRONG LINKS BETWEEN EDUCATION AND GOOD JOBS.

ALONG THIS LINE I AM PREPARING TO INTRODUCE LEGISLATION WHICH WOULD PROVIDE, THROUGH APPRENTICESHIP-LIKE EXPERIENCES, ADVANCED TECHNOLOGICAL AND INDUSTRIAL MANAGEMENT SKILLS. MY BILL WILL ENCOURAGE STATE GOVERNMENTS TO RESTRUCTURE AND FULLY DEVELOP THEIR TECHNICAL EDUCATION AND TECHNICIAN TRAINING ACTIVITIES. THE GOAL WILL BE TO UNIFY THE STATE-WIDE SYSTEMS AND PRIVATE-SECTOR MANUFACTURERS WITH THE TECHNOLOGICAL AND ECONOMIC NEEDS OF LOCALITIES AND THE STATE.

MR. CHAIRMAN, I'D LIKE TO WELCOME ALL OF OUR DISTINGUISHED WITNESSES TO THIS HEARING. I WOULD LIKE TO ESPECIALLY WELCOME DR. TY RICHMOND, WHO IS THE CHANCELLOR OF NORTH CAROLINA CENTRAL UNIVERSITY; THE PRESIDENT OF BARTON COLLEGE IN WILSON, DR. JIM HEMBY, AND THE DIRECTOR OF FINANCIAL AID AT DUKE UNIVERSITY, MR. JAMES BELVIN. I ALWAYS LIKE TO RECOGNIZE MY CONSTITUENTS. I LOOK FORWARD TO HEARING YOUR TESTIMONY. THANK YOU MR. CHAIRMAN.

Chairman SAWYER. Thank you, sir. We really appreciate those comments.

Mr. VALENTINE. One thing I want to call attention to, and it may sound like it is the easy way around the business-like politics, and that is mainly Tom Sawyer. Just remember, in politics it is not always easy to have a name primarily associated with whitewash.

Chairman SAWYER. Let me welcome our first panel, and in doing so, let me particularly make mention of our gratitude for our host institution here.

Dr. Monteith, we are grateful for your helping us, too.

Before turning to the witnesses, let me mention that the full text of your testimony this morning will be introduced as part of our record. Feel free to summarize, comment, depart from, and range as fully around the issues of higher education and the course of the work that you do as you feel it necessary, in the ways that would be most helpful to us.

With that in mind, let us start off on this end of the room and begin to do what we came here to do.

Dr. Monteith?

STATEMENT OF LARRY K. MONTEITH, CHANCELLOR, NORTH CAROLINA STATE UNIVERSITY

Mr. MONTEITH. Mr. Chairman, on behalf of North Carolina State University, I want to welcome the Subcommittee on Postsecondary Education, and my colleagues who are on the panel who are with us this morning.

We are honored to serve as your host. When asked would we do this, the answer was of course we would do it. We would find a place on this campus that belongs to the citizens of North Carolina for this meeting.

I do appreciate you permitting me to make a statement, even though I am not formally a member of the panel. I am here as the host and have to leave shortly after making my statement to do one of the three things that a chancellor does: eat, speak, or raise money. I don't know which of those I will be pursuing the rest of this day.

Thank you for providing this opportunity today to address the very productive relationship between the Federal Government and higher education, and in particular, the Higher Education Act.

As you are well aware, American universities have three fundamental purposes in our society: teaching, that is, developing a productive and well-informed citizenry; research, producing innovative ideas and applications; and extension, making research results and expertise available to the public.

I would be preaching to the choir if I elaborated on these three missions of universities and their importance to strengthening the Nation's economy, environmental vitality, and social and cultural development.

In achieving these missions, higher education has two natural partners: the business and industry community, and government.

Business and industry play an important role in defining the teaching needs and in funding research. Our students and faculty at North Carolina State are actively engaged in teaching and re-

search programs that provide immediate applications in the private sector.

We are one of those land grant universities, so you from the midwest and Ohio and Indiana know a great deal about land grants, and we feel that is our mission and we are remaining true to that mission.

Incidently, just a bit of bragging about North Carolina State University, we are ranked fourth nationally and we are involved with industry in research generally.

Our partnership with Congress is probably characterized less by immediate returns, as is the case with business and industry, and more by long-term investments in both developing opportunities for individual citizens and enhancing the capabilities of institutions.

I would like to suggest that the partnership with Congress and higher education is critical in placing significant challenges in the future. In terms of providing opportunities for individuals, the greatest challenge continues to be providing access for low income students, minorities, and graduate students. The Higher Education Act, which I will discuss in a moment, successfully addresses access through financial support. H.R. 394 would restore tax deductibility for various forms of financial assistance, and it is also important for the message it gives to students, that education is an invaluable investment for the individual's future.

In the area of institutional development, our greatest challenges include taking full advantage of technology and maintaining an aging physical plant. Access to up-to-date information, labs, and classrooms is a critical component of strong teaching, research, and extension programs, and this requires long-term investments.

Now I want to take advantage of the opportunity the subcommittee has given me today and outline some specific issues related to the reauthorization of the Higher Education Act for consideration.

With respect to Title II, I congratulate you and your colleagues in Congress for devising a remarkably successful program to strengthen library resources. The research libraries program, Title II-C, has resulted in tremendous advancements here in the research triangle, where NCSU, University of North Carolina at Chapel Hill, and Duke University now cooperate in collection development and share bibliographic information electronically. Students on all three campuses can access materials from what is, in essence, a combined library, whose collection is second in size only to Harvard University. This massive resource is also available to students and faculty across the Nation and world. Further, the fact that we can share our resources so efficiently has allowed us to significantly reduce duplication in our collections and thus, use our resources wisely.

I think you all know that electronics are almost inevitable. We have assimilated and share research results around the country, and indeed around the world. Things are going to change in the next few decades. I would suggest that this has enabled us to take a leadership role in this area, to experiment, share and by this communication, to reduce our cost of providing really quality, wider services to our students.

With respect to the student financial aid programs included in Title IV, you will hear from a student and our professional staff

this afternoon. In the meantime, let me stress once again how important Federal assistance is in making college a real opportunity for many young North Carolinians.

Even though North Carolina State University is a bargain by any measure, a large proportion of the population we serve is not well-prepared to shoulder even this relatively modest financial burden. More than one-third of our undergraduates rely on financial assistance. We are particularly supportive of reauthorization initiatives that simplify the application process, particularly for low income students whose eligibility can be easily demonstrated through less cumbersome and confusing means.

Further, we believe that financial aid directed toward minorities is essential for the long-term economic and social well being of our State and Nation.

I am always tempted in a crowd like this to ask the question how many of you received assistance of any form for your education. I am always proud to raise my hand and say yes, I did. I hope that I have done well with it and become productive as a result of having the opportunity.

Cooperative education programs are particularly important here at NCSU, where the vast majority of students enroll in essentially undergraduate professional programs. I believe it represents a true success story, resulting in 90 percent participation in these programs.

I am pleased to endorse the recommendations of the Coalition for Cooperative Education, including the suggestion that reorganization funding levels be increased. Co-op provides a safety net for middle and low income students, more than financial aid programs can provide. Co-op effectively introduces minorities, women, and the disabled into the work force, and Co-op improves our retention rates and thus increases the efficiency of our institutions. In all, Cooperative Education programs result in a significant return on congressional investment, participating students pay $225 million in taxes, or about 1,600 percent of Federal appropriations.

I strongly advise students to apply for Co-op programs. I see nothing but positive results from them coming out of it. They tend to become more self-sufficient young people. They mature in that process and they oftentimes come back and either say what they did in this Co-op is not what they would want to do and therefore, they would redirect their education levels, or they would reinforce their efforts and become oftentimes much more successful students. It is not unusual to see grade point averages rise as a result of that.

Finally, with respect to Title IX, Graduate Programs, I hope to persuade you that Congress is a critical partner in encouraging students to pursue postgraduate degrees. The Nation is facing a severe shortage in the number of Ph.D.'s needed to staff universities and research labs. One need only to compare the relative proportion of scientists and engineers in the U.S., Japan and Europe to see that we must do more to encourage young people to continue their training at the graduate level. For graduate education, maintaining quality and developing diversity within the population of graduate students and future faculty are the special challenges facing us.

Thus, we recommend that graduate fellowships support be based on merit, not entitlement, and that the successful models reflected in the Harris and Graduate Area of National Needs programs be maintained. While the proposed reorganization of graduate programs will promote needed efficiencies, we hope that their current thrust will not be lost. I am sure you are familiar with the study. It paints a bleak picture of the shortage of Ph.D.'s over the next 20 years. But here I am, hearing more and more of our colleagues in the united social sciences express their concern of the shortage of Ph.D.'s and continuing important work in the programs of our universities.

Mr. Chairman, Congressmen, I am pleased to have had the occasion to welcome you to North Carolina State University and share with you my views on this very important piece of legislation.

[The prepared statement of Larry K. Monteith follows:]

TESTIMONY TO THE
HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

June 28, 1991
Raleigh, North Carolina

Chancellor Larry K. Monteith
North Carolina State University

Chairman Sawyer, distinguished members of the Subcommittee, Congressman Price, Congressman Valentine, and colleagues, on behalf of North Carolina State University, I want to welcome the Subcommittee on Postsecondary Education and my colleagues to our campus this morning. We are honored to serve as your host today.

Thank you for providing this opportunity today to address the very productive relationship between the federal government and higher education and, in particular, the Higher Education Act. As you are well aware, American universities have three fundamental purposes in our society: **teaching**, that is, developing a productive and well informed citizenry; **research**, producing innovative ideas and applications; and **extension**, making research results and expertise available to the public.

I would be preaching to the choir if I elaborated on these three missions of universities and their importance to strengthening the nation's economic strength, environmental vitality, and social and cultural development. In achieving these missions, higher education has two natural partners: the business and industry community, and government. Business and industry play an important role in defining teaching needs and in funding research. Our students and faculty are actively engaged in teaching and research programs that provide immediate applications in the private sector. (Incidentally, you may be interested to know that North Carolina State University ranks fourth nationally in the level of funding provided by private business and industry.)

But our partnership with Congress is probably characterized less by immediate returns, as is the case with business and industry, and more by long-term investments in both **developing opportunities for individual citizens** and **enhancing the capabilities of institutions**. I would like to suggest that higher education's partnership with Congress is critical in helping us face significant challenges in the future. In terms of providing opportunities for individuals, the greatest challenge continues to be providing access and encouragement for low income students, minorities, and graduate students. The Higher Education Act, which I will discuss in a moment, successfully addresses access through financial support. House Bill 349, which would restore tax deductibility for various forms of financial assistance, is also important for the message it gives to students: that education is an invaluable investment in the individual's future.

In the area of institutional development, our greatest challenges include taking full advantage of technology and maintaining an aging physical plant. Access to up-to-date information, labs, and classrooms is a critical component of strong teaching, research, and extension programs, which require long-term investments.

Now I want to take advantage of the opportunity that the Subcommittee has given me today and outline some specific issues related to the reauthorization of the Higher Education Act for consideration. With respect to Title II, I congratulate you and your colleagues in Congress for devising a remarkably successful program to strengthen library resources. The research libraries program (Title II-C) has resulted in tremendous advancements here in the Research Triangle, where NCSU, the University of North Carolina at Chapel Hill, and Duke University now cooperate in collection development and share bibliographic information electronically. Students on all three campuses can access materials from what is, in essence, a combined library whose collection is second in size only to Harvard University's. This massive resource is also available to students and faculty across the nation and world. Further, the fact that we can share our resources so efficiently has allowed us to significantly reduce duplication in our collections and thus use our resources wisely.

With respect to the student financial aid programs included in Title IV, you will hear from a student and our professional staff this afternoon. In the meantime, let me stress once again, how important federal assistance is in making college a real opportunity for many young North Carolinians. Even though North Carolina State University is a bargain by any measure, a large proportion of the population we serve is not well prepared to shoulder even this relatively modest financial burden. More than one-third of our undergraduates rely on financial assistance. We are particularly supportive of reauthorization initiatives that simplify the application process, particularly for low income students whose eligibility can easily be demonstrated through less cumbersome and confusing means. Further, we believe that financial aid directed toward minorities is essential for the long-term, economic and social well-being of our state and nation.

Cooperative Education programs are particularly important here at NCSU, where the vast majority of students enroll in professional programs. Title VIII repreuents a true success story, resulting in a 90% increase in participation in these programs. I am pleased to endorse the recommendations of the Coalition fcr Cooperative Education, including the suggestion that authorized funding levels be increased. Coop provides a safety net for middle and low income students who need more assistance than financial aid programs can

provide; Coop effectively introduces minorities, women and the disabled into the work force; and Coop improves our retention rates and thus increases the efficiency of our institutions. In all, Cooperative Education programs result in a significant return on Congressional investment: participating students pay $225 million in taxes, or about 1600% of federal appropriations.

Finally, with respect to Title IX, Graduate Programs, I hope to persuade you that Congress is a critical partner in encouraging students to pursue postgraduate degrees. The nation is facing a severe shortage in the number of PhDs needed to staff universities and research labs; one need only to compare the relative proportion of scientists and engineers in the U.S., Japan, and Europe to see that we must do much more to encourage young people to continue their training at the graduate level. For graduate education, maintaining quality and developing diversity within the population of graduate students (and future faculty) are the special challenges facing us. Thus, we recommend that graduate fellowship support be based on merit, not entitlement, and that the successful models reflected in the Harris and Graduate Area of National Needs (GANN) programs be maintained. While the proposed reorganization of graduate programs will promote needed efficiencies, we hope that their current emphasis on minorities and science will not be lost.

Mr. Chairman, Congressmen, I am pleased to have had the occasion to welcome you to North Carolina State University and to share with you my views on this very important piece of legislation.

Chairman SAWYER. Thank you very much, Mr. Monteith, for the constructive help.

Let me welcome our first panelists now: Mr. Robert Scott, president of the North Carolina System of Community Colleges; Dr. Tyronza Richmond, Chancellor of North Carolina State University; Dr. Bruce Howell, president of Wake Community College; Dr. Douglas Hunt, Special Assistant to the Chancellor, University of North Carolina.

Welcome, gentlemen. Your testimony in full will be part of the record. Feel free to range widely or summarize as concisely as you wish.

Mr. Scott, I turn it over to you.

STATEMENT OF ROBERT W. SCOTT, PRESIDENT, NORTH CAROLINA SYSTEM OF COMMUNITY COLLEGES

Mr. SCOTT. Thank you, Mr. Chairman. I am Bob Scott, president of North Carolina System of Community Colleges which is the third largest community college system in the Nation.

Congressman Price, before proceeding, if I may, I would like to thank you for arranging to have this hearing here in North Carolina, and in particular, our district. I would also like to thank you for introducing the Student Loan Affordability Act and for your leadership in making the National Science Foundation more responsive to the undergraduate needs of our students.

Your continuing interest in and support for the technical education and literacy programs is greatly appreciated. I am aware of your intent to introduce the Technical Literacy Act of 1991 in the House, and I congratulate you.

My staff has reviewed a draft of the bill and sees the opportunity that the bill would provide in advancing technology fields for community colleges.

Congressman Valentine, I also want to express my appreciation for the fine work that you have done on behalf of our community colleges, not only here in North Carolina, of course, but all over the country, and the undergraduate science education as Chairman of the House Subcommittee on Technology and Competitiveness.

Mr. Chairman, my testimony will highlight North Carolina community colleges' areas of concern with regard to the different titles of the act. I also speak in support of the priorities adopted by the American Association of Community Colleges and the Association of Community College Trustees as essential to make the Higher Education Act the cornerstone of a national strategy for human resource development.

National education priorities would be better served if Congress would make the Pell Grant an entitlement designed to ensure that the neediest students can complete at least one year of postsecondary study without loans and with a cost of living allowance sufficient to meet today's college expenses.

I encourage you to increase the Pell Grant to $4,500 with a $2,750 base living allowance for the initial year of reauthorization.

I think that the colleges share the concern of Congress for the growing imbalance, and especially the mounting total of defaulting loans. Pell grants and work study programs to finance students

first 2 years of college, with loans reserved for upper division students, would benefit at-risk students. It would also benefit the colleges, the Federal administration of Title IV financial aid and the national interest. Making loans to at-risk students just puts those students further at risk. Pell grant eligibility should also be maintained for less than half-time students.

The most urgent need in Title IV, apart from grant and loan reform, is the simplification of aid delivery. Countless potential students are turned away from college by the complicated forms and the frustrating application process.

I recommend that the financial aid application forms be a single page and standard for all institutions and for processors. I also recommend that single page analysis of methodology be adopted for our calculation of awarding of financial aid.

Mr. Chairman, I must also take this opportunity to express my very serious concern about the number and extent of Federal regulations that are being imposed on the higher education communities. We are simply being overregulated. The last Congress put three more massive paperwork burdens on the colleges in the Student Right-to-Know and Campus Security Act and the Ability to Benefit Testing Act. Our colleges simply do not have the resources or the manpower to compile and report the data that is required. With budget restraints, this problem is getting much worse.

On the subject of ability to benefit, or ATB, as we call it, I support the restoration of the options for measuring ATB that were in force before the 1990 budget agreement that imposed third party testing on all institutions receiving Title IV aid. These options should be restricted on all degree-rating institutions, and Federal requirements covering ATB should apply only to students where ATB enrollment exceeds 10 percent of their regular student head count. ATB testing is best used as a diagnostic tool rather than an admissions criteria.

Reform of the delivery of all financial aid is necessary in order to require accountability. Community colleges are the smallest source of loan defaults in terms of dollars as the largest sectors of postsecondary education in the Nation. However, as the largest sector of postsecondary education in the Nation, community colleges will sustain the greatest negative impact from other restrictive loan default management regulations.

Mr. Chairman, I hope that Congress will consider legislating a default management program that penalizes institutions with an excessive loan volume and high default rates and reward those institutions with few loans and low default rates.

To give you an example, one of our colleges was credited with a 50 percent loan default rate in 1988 because two of its four loans were in default. However, 10 of our colleges had zero percent loan default rate during the last 2 years. A reasonable floor for the number of Stafford loans at an institution should be established before requiring a default management plan.

Mr. Chairman, minority access is critically affected by the overregulation I spoke of. Pell grant entitlement, grant loan imbalance, financial aid simplification, and ability to benefit are all issues that impact minority recruitment and retention. I urge you to consider this key point as reauthorization legislation goes forward.

The establishment of an Assistant Secretary for Community/ Technical and Junior Colleges at the Department of Education is a high priority for all community colleges. Community colleges represent the largest sector of higher education in the country, enrolling 6 million students in credit and degree programs and another 4 million in non-credit continuing education programs.

Earlier I stated that North Carolina has the largest community college system in the Nation. Last year, over 741,000 adult North Carolinians were enrolled in one or more of our classes. That is 10 percent of the total population of this State enrolled in our community colleges to date. There is a House and Senate bill that would establish an Assistant Secretary to the Department of Education. I express my appreciation to both Congressman Price and Congressman Mollohan for sponsoring that House bill.

The Veterans Outreach Program under Title IV of the Higher Education Act has been an effective program for 27 of North Carolina's 58 community colleges. However, under the Department of Education's proposal for reorganization of the Higher Education Act, this program would be eliminated. Mr. Chairman and Members of the subcommittee, I strongly urge you to retain this program. This is of particular urgency to our State. We have deployed over 70,000 of our Nation's finest troops to the Persian Gulf, one out of every five who served in Desert Storm came from North Carolina. Veteran's education is now and will continue to be important to North Carolina and the Nation's community colleges.

Finally, I would recommend that Title I and Title XI be replaced by a national network of employer/college partnerships for human resources and economic development to provide relevant skill upgrading for all workers throughout their careers to increase work force literacy and to infuse instruction with more state-of-the-art technology.

Mr. Chairman, that concludes my oral testimony. A more detailed one is incorporated in the record, and I do want to thank you for inviting me to testify on this piece of legislation.

[The prepared statement of Robert W. Scott follows:]

Testimony on Reauthorization of the Higher Education Act

By

ROBERT W. SCOTT
President
North Carolina Community College System
State Board of Community Colleges
Raleigh, North Carolina

Presented to

Field Hearing
House Postsecondary Education Subcommittee
Raleigh, North Carolina
June 28, 1991

Mr. Chairman, I am Bob Scott, president of the North Carolina Community College System. Our 58 community colleges served more than 741,000 adults in vocational, technical, literacy, new an expanding industry, and college transfer programs last year.

I am also a member of the Board of Directors of the American Association of Community and Junior Colleges (AACJC) and the Joint Commission on Federal Relations of this association and the Association of Community College Trustees (ACCT).

Congressman Price, before proceeding, I would like to thank you for arranging and hosting this field hearing in your district. I would also like to thank you for introducing the Student Loan Affordability Act to restore the income tax deductibility of student loans and scholarships and for your leadership in making the National Science Foundation more responsive to undergraduate needs. Your continuing interest in and support for technical education and literacy programs are appreciated. I am aware of your intent to introduce the Technical Literacy Act of 1991 in the House, and I congratulate you. My staff has reviewed a draft of the bill and sees the opportunities the bill would provide in advancing technology fields for community colleges.

Congressman Valentine, I also appreciate the fine work you do on behalf of community colleges and undergraduate science education as chairman of the House subcommittee on Technology and Competitiveness.

My testimony will highlight North Carolina community colleges' areas of concern with regard to the different titles of the act. I also speak in support of the priorities adopted by AACJC and ACCT as essential to make the Higher Education Act the cornerstone of a national strategy for human resource development. The focus of the forthcoming Higher Education Act should be the issue of what the country needs most from higher education at this critical moment of our history. In the view of the campus policymakers whom I work and talk with, what the country needs most from colleges and from their linkages with lower schools is a world-class workforce.

National education priorities would be better served if Congress would make the Pell Grant an entitlement designed to ensure that the neediest students can complete at least one year of postsecondary study without loans and with a cost-of-living allowance sufficient to meet today's college expenses. I encourage you to increase the Pell Grant to $4,500 with a $2,750 base living allowance for the initial year of the reauthorization.

Community colleges share the concern of Congress over the growing grant-loan imbalance and especially the mounting total of defaulted loans. Pell Grants and Work-Study Programs to finance students' first two years of college, with loans reserved for upper division students, would benefit at-risk students, colleges, the federal administration of Title IV financial aid, and the national interest. Making loans to at-risk students just puts these students further at-risk. Pell Grant eligibility should also be maintained for less than half-time students.

The most urgent need in Title IV, apart from grant and loan reform, is the simplification of aid delivery, including need analysis, for both students and institutions. Countless potential students are turned away from college by the complicated forms and frustrating application process. It is clear that both the Department of Education and the colleges are choking on excessive processing and reporting burdens that increasingly defeat the intent and success of the programs. These burdens are the largest cause of professional turnover in the ranks of the community colleges' financial aid staff. I recommend that financial aid application forms be a single page and standard for all institutions and processors. I further recommend that a single need analysis methodology be adopted for calculation of awarding financial aid.

Mr. Chairman, I must take this opportunity to express my very serious concern about the number and extent of federal regulations that are being imposed on the higher education community. We are being over regulated. The last Congress put three more massive paperwork burdens on colleges in the Student Right-to-Know and Campus Security Act and the Ability-to-Benefit Testing Requirements. Our colleges do not have the resources or the manpower to compile and report the data that is required.

On the subject of Ability-to-Benefit (ATB), I support the restoration of the options for measuring ATB that were in force before the 1990 Budget Agreement that imposed third party testing on all institutions receiving Title IV aid. These options should be restored for all degree-granting institutions, and federal requirements covering ATB should apply only to those schools where ATB enrollment exceeds 10 percent of their regular student headcount. ATB testing is best used as a diagnostic tool rather than an admissions criteria.

Reform of the delivery of all financial aid is necessary in order to require accountability and to ensure that loans, grants, and other Title IV programs are being effectively administered. Community colleges are the smallest source of loan defaults in terms of dollars among the major sectors of postsecondary education; however, as the largest sector of postsecondary education in the nation, community colleges would sustain the greatest negative impact from other restrictive loan default management regulations. Mr. Chairman, I hope Congress will consider legislating a default management program that penalizes institutions with an excessive loan volume and high default rates and rewards institutions with few loans and low default rates. One of our colleges was credited with a 50 percent default rate in 1988 because two of its four loans were in default. However, ten of our colleges had a zero percent default rate during the last two years. A reasonable floor for the number of Stafford loans at an institution should be established before requiring a default management plan. We commend the Department of Education for discontinuing the practice of posting defaulted loans with the last college attended and is now identifying loans with colleges where they originate.

Mr. Chairman, minority access is critically affected by the over regulation I have spoken of. Pell Grant Entitlement, Grant Loan imbalance, financial aid simplification, and Ability-to-Benefit are all issues that impact minority recruitment and retention. I urge you to consider this key point as reauthorization legislation goes forward.

The establishment of an Assistant Secretary for Community/Technical and Junior Colleges at the Department of Education is a high priority for all community colleges. Community colleges represent the largest sector of higher education in the country, enrolling six million students in credit and degree programs and another four million in noncredit continuing education programs. The Department of Education has done little to employ administrators and specialists with community college backgrounds. A key role of the Assistant Secretary would be outreach to other federal agencies, to the corporate and employer community, and to other programs within the Department of Education that support education and training in order to maximize coordination and return on the taxpayers' investment. An educational "pipeline" that delivers comprehensive human resource development cannot be achieved without such coordination among federal programs and the employer community.

There are before the House and the Senate bills that would establish an Assistant Secretary in the Department of Education, and I express my appreciation to Congressman Price and Congressman Valentine for cosponsoring the House bill.

The Veterans Outreach Program under Title IV of the Higher Education Act has been an effective program for 27 of North Carolina's 58 community colleges; however, under the Department of Education's proposal for reauthorization of the Higher Education Act, this program would be eliminated. Mr. Chairman, and members of the subcommittee, I urge you to retain this program. This is of particular urgency to our state which deployed over 75,000 of our nation's finest troops to the Persian Gulf War--one out of every five who served in the conflict came from North Carolina. Veterans education is now and will continue to be important to North Carolina's and the nation's community colleges. Typically and historically, this nation's higher education institutions have been turned to by Congress and our veterans for readjustment to civilian life following major world conflicts. The Persian Gulf veterans deserve this same educational opportunity for transitioning to civilian life.

A national strategy for human resource development to be successful faces, among other tasks, the daunting challenge of revitalizing employment and economic opportunity in the nation's urban centers. Community colleges and urban universities could be used to much greater advantage through the formulation of an urban extension service modeled after the cooperative extension service. Mr. Chairman, your bill HR 2531, is a positive step in this direction; however, I would remind the Congress that community colleges were full and equal partners in the development of the existing Title XI, and they must be so considered in any Title XI reforms. Senator Hatfield has made this point clear in S1336, which is his Title XI reform bill.

Specialists from the universities and community colleges could work hand in hand with city governments in action oriented, problem solving approaches to a variety of pressing urban needs under such a program. A new partnership of federal and city agencies and urban colleges could target urban priorities for worker training, literacy, infrastructure planning and renewal, and other priorities to revitalize our urban centers and inner cities. Mr. Chairman and members of the subcommittee, I emphasize that community colleges are essential to this urban extension partnership.

Finally, I recommend that Title I and Title XI should be replaced by a national network of employer-college partnerships for human resource and economic development to provide "relevant skill upgrading for all workers throughout their careers," to increase work force literacy, and to infuse instruction with more state-of-the-art technology.

Thank you, Congressman Sawyer, Congressman Price, Congressman Valentine, and other members of the subcommittee for inviting me to testify on the reauthorization of this most important legislation.

Chairman SAWYER. Thank you very much, Mr. Scott.
Mr. Richmond?

STATEMENT OF TYRONZA R. RICHMOND, CHANCELLOR, NORTH CAROLINA CENTRAL UNIVERSITY

Mr. RICHMOND. Thank you. Chairman Sawyer, I certainly would like to personally add my welcome to that which you have already received from Mr. Scott to the famed Research Triangle Park area and to the great State of North Carolina.

It is good to have you from Ohio and Indiana. It is always a special privilege to send greetings to our own distinguished Congressman, Congressman Price.

Let me say that I represent North Carolina Central University, one of the fine public historically black colleges and universities of this State. I am sure you are aware that North Carolina has more public black colleges than any other State in the Nation, and also one of the 11 historically black public and private colleges in the State.

It has been my good fortune and privilege to participate in seminars and one or two hearings regarding the reauthorization of the Higher Education Act. I must say that I am very pleased and impressed with the rather broad consensus that has emerged in the higher education community regarding the Higher Education Act.

To a large extent, what I will say here initially will be somewhat redundant of what has already been said, but I think it is important that we reinforce and reiterate some of the conference.

Specifically, with respect to Title IV, which I deem to be the most important aspect of the entire Higher Education Act, I would hope that you would lend your support to increasing the Pell grant maximum to at least that figure of $4,500, which has already been alluded to, and also I would hope that you would establish some type of indexing program for that maximum so that the variance of the grant would certainly keep pace with inflation.

Secondly, for a campus like the one that I represent where some 80 to 85 percent of our students receive some type of Federal aid, it is simply imperative that Title IV be reconfigured to result in a program which would provide the neediest college student with more aid in the form of grants and remove them from the loan portfolios. I know that you realize that the Guaranteed Student Loan Program has long become, more or less, the subjects of the Federal student assistance programs and out of necessity, has become a regular source of financial assistance for many poor and economically disadvantaged students, those students who are indeed addressed.

I would hope that on my campus we could return to the days of 10 years ago when only 30 percent of the students participated in the Federal-based or supported loan programs, rather than the 75 percent who now participate.

With respect to Title IV, I would also plead with you to draft a Higher Education Act that would mandate and insist on program simplification. We must bring an end to the unreasonable, confusing and complex paperwork that now characterizes the Federal stu-

dent aid system. We simply cannot afford the staff, time and resources that we are losing.

Last December, I did have the opportunity to offer some comments during a congressional hearing in Washington on issues and matters pertaining to historically black colleges and universities. Since that hearing last December, I have had occasion to read and re-read the comments offered by Representative Augustus F. Hawkins. I guess that was on the eve of his retirement from the House of Representatives.

Congressman Hawkins made this statement, "a properly structured reauthorized Higher Education Act will play a major role in expanding the growth and ability of these institutions," reference to HBCU's, "to sustain the fundamental principles of access, equality and opportunity in the higher education community."

And I say to you today, as we prepare for a different America and a different world, we must increasingly view institutions like the one I represent, like Shaw University, Bennett College and Elizabeth City State University, as special and underutilized sources for the critical human capital that this Nation will need in growing numbers in the coming years.

You know as well as I that America's minority sub-groups will be the 21st century's mainstream, and institutions like the one that I represent clearly play a critical role in the final access of the students.

If our Nation is to maintain and indeed improve on its competitive posture in a highly global arena in the remaining years of the 1990's, it is critical that institutions like NCCU, North Carolina A&T, Clark Atlanta, Florida A&M, and several other comprehensive HBCU's carefully move their institutions more fully into the mainstream of academic scholarships, scientific research, and graduate education at the highest degree level. As a Nation, we can ill afford to broaden the role and capacity of selected HBCU's.

In the few minutes remaining, let me just touch on two other specific things.

With respect to Title III, I am sure that you are aware that Title III of the act has been the lifeboat that has sustained and kept academically vibrant most of the historically black colleges and universities in this Nation.

I urge you to support a change in Title III, Part B, that would increase the floor of individual institutional grants from the current level of $350,000 to a level of $500,000. While such a change would likely have no impact on my institution, it would have equalized funding for smaller institutions that participate in this aspect of the program.

Additionally, I seek your support for the addition of specific language in Title III, Part B, Section 326 that would add five institutions that are critical for the continued training of black lawyers and professionals in pharmacy and pharmaceutical sciences. The specific institutions proposed for addition are Florida A&M University, North Carolina Central University, Southern University, Texas University, and Xavier University.

I would also add that support of this proposition would certainly provide some of the support needed to build the infrastructure for the expanded role for HBCU's. I am also pleased to note that there

is consensus in the higher education community regarding this proposition to provide this.

Let me move to Title II if I could. Specifically, it is our recommendation—my recommendation that under Title II, Part E, Section 233(a), it is recommended that the Secretary of Education be authorized to make grants to, and contract with historically black institutions of higher education and library organizations or agencies that have nationally approved programs in library and information science to assist them in the education and training of African-Americans and other ethnic minorities, particularly in areas of critical needs.

These proposed grants and contracts would be used by these institutions, library organizations or agencies to: assist in covering the cost of courses of study or staff development; establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree, and; to establish, develop or expand programs of library and information science, including new techniques and information transfer and communication technology.

Chancellor Monteith made reference to the extensive array of networks—electronic networks. Most of the traditional black colleges and universities are not participating effectively in the State, region, and at the national level because of the lack of adequate training in planning and the use of equipment and new computer software that makes this mode of resource sharing possible.

Black colleges and universities have not been able to keep pace with the rapid technical changes in library science because funding has not been provided for continuing education and improved training in library science.

As you are aware, in past years Title II, Part B, training funds have made it—did make it possible to have a credible number of black and other minority students in selected library schools.

The two programs in this Nation that have traditionally educated the largest number of black librarians are located at Clark Atlanta University and North Carolina Central University. Title II, Part B fellowships have made a significant difference in the number of black students enrolled in these two schools. In my full testimony, I have provided you with a table that shows the enrollment of students in library science at North Carolina Central University. I would hope that you would note that the percentage of black students at the NCCU library school has dropped from about 58 percent to 28 percent. Similar enrollment trends have likely occurred at the library school at Clark Atlanta.

I think that it is quite apparent that it is the library and information professionals who have the capacity to bring together the investigations of the physicists, the biologists, and the chemists. It is the information professional who will make possible the Ph.D. program in engineering at North Carolina A&T or Florida A&M or the Ph.D. programs at North Carolina Central in biophysics.

Only with enhanced library resources and information management personnel will our historically black colleges and universities be able to assume a greater role in meeting our national manpower

needs by providing the educational foundation for our future scientists, managers, and other skilled leaders.

Let me end with a quote that was offered a few years ago by Dr. Joyce Payne, the Director of the Office of the Advancement of Public Black Colleges. Dr. Payne stated, "What is sorely needed in the future is recognition of and attention to the unequal representation of black colleges among major research institutions, providers of graduate programs, innovators of new technologies, and producers of talent in progressive fields of science and technology. Linking black colleges and universities to the condition of economic life, domestically and internationally, is not a moral issue, but an issue of vision, of rational economic sense, and of enlightened self-interest."

I thank you.

[The prepared statement of Tyronza R. Richmond follows:]

STATEMENT

to the

HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

UNITED STATES HOUSE OF REPRESENTATIVES

June 28, 1991

by

T. R. Richmond, Chancellor
North Carolina Central University
DURHAM, NORTH CAROLINA

Mr. Chairman and members of the Education and Labor Committee:

We are pleased to welcome you to the famed Research Triangle Park area and the State of North Carolina. As always, it is a special privilege to greet and welcome our own distinguished Congressmen, Representative David Price and Representative Tim Valentine. Congressmen Price and Valentine, we are grateful that through your efforts the views of your Tarheel constituents will be heard and will be a part of the deliberations regarding the reauthorization of the Higher Education Act.

I thank you for this opportunity to share some brief comments on the reauthorization of the Higher Education Act. I do represent North Carolina Central University this morning, one of the 16 constituent institutions that comprise the multi-campus University of North Carolina. In recent weeks in an attempt to describe the exact location of my institution, I have often said that NCCU is located in the city of Durham, home of Duke University, the reigning NCAA men's basketball champions. After getting the attention of my audience, I then hasten to add that NCCU was the first Durham-based institution to win an NCAA national championship in basketball. If you are not aware, let me remind you that NCCU won in a record-setting fashion, the NCAA Division II men's basketball championship in 1989, just two years ago.

North Carolina Central University is also one of the 5 historically black public universities in our University system and one of the 11 historically black public and private colleges in this state. It has been my fortune and privilege to participate in several hearings, forums, and seminars in recent months, and I must say that I have been pleased and impressed with the rather broad consensus that has emerged in the higher education community regarding the Higher Education Act. Although it is my intent to spend my allocated time addressing several concerns that are more or less specific to historically black colleges and universities and to my institution, I would be remiss if I did not add my voice in strong support of several propositions that are currently being advanced by a very unified American higher education community.

Although all aspects of the Higher Education Act are significant for the welfare and future of our nation, no section of the Act has the critical significance of Title IV.

Specifically, I would hope that you would lend your support to increasing the Pell grant maximum to at least $4,500 and tying subsequent increases in the Pell grant maximum to an acceptable economic index. For a campus like the one I represent, it is imperative that Title IV be reconfigured to result in a program which would provide the neediest college

students with more aid in the form of grants and remove them from the loan portfolios. I am sure that you realize that whether intentional or not, the Guaranteed Student Loan Program (and not the Pell grant program), has become the center piece of the federal student assistance program and out of necessity has become a regular source of financial assistance for many poor and economically disadvantaged students. I would hope that we could return to the days of some ten years ago when only 30% of the students on my campus were participating in the various federal loan programs rather than the 70% who now do.

With respect to all of the aid programs covered under Title IV, I plead with you to craft a Higher Education Act that would mandate and insist on program simplification in Title IV. We must bring an end to the unreasonable, confusing, and complex paper work that now characterizes the federal student aid system. We simply cannot afford to continue to lose the valuable resources, both human and financial, because of the inordinate complexity of the financial aid application, verification, and award processes.

Last December, I did have the opportunity to offer some comments during a Congressional hearing on issues and matters pertaining to historically black colleges and universities. Since that hearing last December, I have occasion to read and re-read the comments about the nation's historically black colleges and universities made by Representative Augustus F. Hawkins on the eve of his retirement from the House of Representatives.

Congressman Hawkins stated that:

> "A properly structured, reauthorized Higher Education Act will play a major role in expanding the growth and ability of these institutions to sustain the fundamental principles of access, equality, and opportunity in the higher education community."

As we prepare for a different America and a different world, we must increasingly view institutions like NCCU, Shaw, Bennett, and Elizabeth City State as special and under utilized sources for the critical human capital that this nation will need in growing numbers in coming years. America's minority subgroups will be the 21st century's mainstream, and institutions like the one I represent are today the institutions preferred by African-American students, preferred because of the educational opportunities that have characterized these institutions over the years. This past August, the College Board issued a report which identified the schools to which black high school graduates directed their SAT scores; ten of the top fifteen, and the first six on the list were historically black colleges and universities. We were pleased that North Carolina Central

University was the nation's ninth most popular choice among African American students.

If our nation is to maintain and indeed improve on its competitive posture in a highly global arena in the remaining years of the 1990s, it is critical that institutions like NCCU, NC A & T, Clark Atlanta, Florida A & M and several other comprehensive HBCUs carefully move their institutions more fully into the mainstream of academic scholarship, scientific research, and graduate education at the highest degree level. As a nation, we can ill afford not to broaden the role and capacity of selected HBCUs.

In the few minutes remaining, I hope that you would permit me to outline a few aspects of that properly structured reauthorized Higher Education Act that will facilitate this role I view for NCCU and selected other majority black institutions in coming years.

As you are aware, Title III of the Act has been the lifeboat that has sustained and kept academically vibrant most of the historically black colleges and universities in this nation. I urge you to support a change in Title III, Part B that would increase the floor on individual institutional grants from the current level of $350,000 to $500,000. While such a change would likely have no impact on my institution, it would help equalize funding for smaller institutions that participate in this aspect of the program.

Additionally, I seek your support for the addition of specific language in Title III, Part B, Section 326 that would add five institutions that are critical for the continued training of black lawyers and professionals in pharmacy and pharmaceutical sciences. The specific institutions proposed for addition are Florida A & M University (Pharmacy), North Carolina Central University (Law), Southern University (Law), Texas Southern University (Law and/or Pharmacy), and Xavier University (Pharmacy). Support for this proposition would certainly provide some of the support needed to build the infrastructure for the expanded role for selected HBCUs. I am pleased to note that there is consensus in the higher education community regarding this proposition.

While there are many infrastruture building strategies that may be employed and could be discussed this morning, I would like to conclude by focusing on libraries and information technology. Under Title II of the Act, I urge your support for a vigorous program to strengthen library and information science programs in Historically Black Colleges and Universities.

Specifically, under Title II, Part E, Section 233 (a), it is recommended that the Secretary of Education be authorized to

make grants to, and contract with, historically black institutions of higher education and library organizations or agencies that have nationally approved programs in library and information science to assist them in the education and training of African Americans and other ethnic minorities, particularly in areas of critical needs. These proposed grants or contracts would be used by these institutions, library organizations, or agencies to: (1) assist in covering the cost of courses of study or staff development (including short term or regular session institutes), (2) establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree, and (3) to establish, develop, or expand programs of library and information science, including new techniques of information transfer and communication technology. At least 75% of grants made under this proposition should be for the purpose of establishing and maintaining fellowships or traineeships.

Many of the traditionally black colleges and universities are not participating effectively in state, regional, and national electronic networks because of the lack of adequate training in planning and the use of equipment and computer software that make this mode of resource sharing possible. Black colleges and universities have not been able to keep pace with the rapid technical changes in library science because funding has not been provided for continuing education and improved training in library science.

In past years, Title II, Part B training funds have made it possible to have a creditable number of black and other minority students in selected library schools. The two programs that have traditionally educated the largest number of black librarians are located at Clark Atlanta University and North Carolina Central University. The Title II, Part B fellowships have made a significant difference in the number of black students enrolled in these two schools. Statistical data from the School of Library and Information Sciences at North Carolina Central University are presented in TABLE I to demonstrate the impact that these fellowships have had on the enrollment of black students at the library school at this institution and the number of black graduates. The percentage of black students at the NCCU library school has dropped from 58% to 28% in 12 years. Similar enrollment trends have likely occurred at the library school at Clark Atlanta.

It is library and information professionals who have the capacity to bring together the investigations of the physicist, the biologist, and the chemist. It is the information professional who will make possible the PhD program in engineering at North Carolina A & T or Florida A & M, or the Phd program in Biophysics at NCCU.

It is only with enhanced library resources and information management personnel will our historically black colleges and universities be able to assume a greater role in meeting our national manpower needs by providing the educational foundation for our future scientists, managers, and other skilled leaders.

A few years ago, Dr. N. Joyce Payne, Director of the Office for the Advancement of Public Black Colleges stated:

> "What is sorely needed in the future is recognition of and attention to the unequal representation of black colleges among major research institutions, providers of graduate programs, innovators of new technologies, and producers of talent in progressive fields of science and technology. Linking black colleges and universities and universities to the condition of economic life, domestically and internationally, is not a moral issue, but an issue of vision, of rational economic sense, and of enlightened self-interest."

I thank you.

TABLE I.

NORTH CAROLINA CENTRAL UNIVERSITY SCHOOL OF LIBRARY AND INFORMATION SCIENCES: NUMBER OF TITLE II-B FELLOWSHIPS; PERCENTAGE OF BLACK ENROLLMENT; NUMBER OF BLACK GRADUATES

Year	Number of fellowships	Percent of black student enrollment	Number of black MLS graduates
1978-79	5	58%	23
1979-80	2	55%	14
1980-81	2	49%	7
1981-82	3	49%	13
1982-83	2	45%	22
1983-84	2	48%	8
1984-85	3	51%	8
1985-86	2	49%	5
1986-87	1	37%	9
1987-88	1	31%	9
1988-89	0	28%	8
1989-90	0	28%	8
Total	22	mean=40%	134

Chairman SAWYER. Thank you very much, Dr. Richmond, for an outstanding statement.

Now we go to Bruce Howell.

STATEMENT OF BRUCE I. HOWELL, PRESIDENT, WAKE COMMUNITY COLLEGE

Mr. HOWELL. Thank you, Mr. Chairman, Congressman Price, for allowing me to be here with you today. I guess I should just start by saying amen to my predecessors and go from there.

My own perspective today will come from community colleges, one of 58 in North Carolina. We have an interest that is on a day to day basis. We have reviewed the financial aid situations.

Our average student is 31 years of age at our community college. My concern is over admissions registration and dealing with the frustrations of dwindling resources that are tying up voluminous paperwork increases.

I am also concerned for our students who are served through Title IV, our full-time students who are served by Title IV, and responsibility for administering these programs.

We must place fewer obstacles in the path of both groups, meaning administrators who are supposed to be working through and seeing that these things are managed, and also students who are faced with a cumulative increase in paperwork.

First, consider the strains placed on the students served through Title IV. At a time when college costs are increasing, many of these students are being forced to borrow money to remain in college.

In 1975, 76 percent of all Federal aid was in the form of gifts, including grants. By 1988, the share of Federal grants had dropped to 30 percent. At the same time, we have seen our purchasing power with the Pell grants diminish significantly.

The average cost of going to school in a two year community college has risen $335 a year while the Pell grant awards have only increased by $62. College costs have increased much faster than Pell grants.

In short, we need the Pell grants maximum to be increased so that low income students do not have to shortchange their future by borrowing additional funds to pay even higher tuition rates.

We already know that our community college students will pay higher tuition prices this fall. Right now we are just waiting for the General Assembly to decide whether it will be 25 percent or 40 percent, and at this time it is probably 40 percent.

Increasing the Pell grant maximum would also, no doubt, result in a critical drop in defaults. This is a problem which affects many colleges, perhaps Wake Tech to a lesser extent.

We have one of the lowest default rates in the community college system, with a 2.1 percent default rate. That is smaller than many other institutions.

Institutions with irresponsibly high default rates do not deserve to continue to receive these resources. However, we need to hold our students responsible and hold the institutions responsible. To balance the scales, I suggest that Congress recognize Wake Tech and other institutions that have a low rate of default as responsible

by eliminating the accountability process burdens of being approved for funding.

Again, we need fewer obstacles in our financial aid process, and mounting paperwork is one of the greater hurdles. The paperwork burden on our financial aid office must be reduced and simplified. Currently, the financial aid office must obtain from each student a number of certifications that have little to do with student's monetary needs.

The amount of paperwork involved with these certifications is enormous, and more and more we see the responsibilities of the financial aid office moving toward handling paperwork and away from evaluating the real needs of students as to what they are seeking from an educational institution.

Both the financial aid office and the students view the application process as unnecessarily complicated as well. The application form used by students seeking Title IV monies should be streamlined and simplified. For example, students find dependency status requirements extremely confusing and as a result, they usually have to request assistance in completing a very complicated form.

The Student Right to Know and Campus Security Act, to become effective July 1, also places a tremendous burden on community colleges. As an example, how do you follow up on a student who simply disappears? He cannot be tracked because he leaves no address. The Right to Know provision requires that he be counted negatively in the employment statistics. Another example is the student who says I am studying computer science. He drops out and he does not do the work in the computer field.

This student is also counted as a negative statistic and must be counted as unemployed. Additionally, where are we to obtain the funds to complete and publish these kinds of statistics? With the budget cuts, we are having to absorb along with the increased demand for our services, we have already surpassed the stretched limits.

Campus security requirements should be significantly modified for community college purposes. Community Colleges do not have residence halls, and our crime-on-campus rates are negligible. The procedures for maintaining and publishing such statistics will create another financial hardship for our colleges.

I should also call attention to a potential obstacle that would have a tremendously negative effect on this college, and that is the move to convert from credit hours to clock hours. Should clock hours become a basis for awarding financial aid, a number of our programs such as our nursing program, would probably be disqualified in that our students would not have enough clock hours to be converted from credit hours to clock hours, and therefore be disqualified from financial aid. I don't think we want to see that occur.

I further recommend that the Ability-to-Benefit Rule should not affect collegiate institutions such as ours. Wake Tech, as a practice, admits students who have high school diplomas or a GED. We feel that the committee might use this educational standard as a minimum qualification for aid in compliance with the Ability-to-Benefit Rule. In any event, minimum standards should be specifically spelled out if the Ability-to-Benefit Rule is to be imposed.

In addition, I endorse Chairman Ford's idea of funneling the National Direct Student Loan program's revolving fund into the Supplemental Educational Opportunity Grants Program. Such a measure would increase funds for grants—again lessening the need for students to go heavily into debt just to stay in school.

I also suggest that funding be provided for child care for disadvantaged college students. Child care assistance was authorized under Subpart 8, Section 420(b) but was never funded.

Such funding would allow any person to obtain education they need in order to escape a life of poverty which carries over from generation to generation.

Finally, to recognize the unique role that community colleges play in our Nation, I strongly suggest that the U.S. Office of Education create an Assistant Secretary for Community Colleges. It is essential to have someone in the secretary's office who understands the position of the community colleges in the educational scheme.

We live in an era of many challenges. Every day Wake Technical Community College experiences the stress and strains of reduced funding compounded by the ever increasing demand for services.

During the 1980's, the Federal share of available financial aid to colleges nationwide decreased from 83 to 75 percent, while institutional aid grew from 12 to 19 percent of the total, with State aid increasing from five to six percent. At Wake Tech, our matching college share fund increased in the last three years from 15 to 25 percent.

If our college is going to continue to assist low income, minorities and others, to achieve their potential and enjoy the fruits of this Nation, we must afford them the opportunity.

In order to do this, we must make education more accessible. As we now see, the States are cutting back, the local areas are cutting back. We therefore need a larger Federal role in helping the students stay in school and get an education.

Thank you very much.

[The prepared statement of Bruce I. Howell follows:]

Testimony on Reauthorization of the Higher Education Act

By

DR. BRUCE I. HOWELL
President
Wake Technical Community College
Raleigh, North Carolina

Presented to

Field Hearing
House Postsecondary Education Subcommittee
Raleigh, North Carolina
June 28, 1991

Thank you, ladies and gentlemen, for giving me this opportunity to share my perspective on the Higher Education Act reauthorization. My comments represent a viewpoint from the local community college level, where we work day to day with students seeking financial aid. Our challenge is to accomplish our educational mission while dealing with the frustrations of dwindling resources and voluminous paperwork.

My concern is for the 385 Wake Tech students served through Title IV and for the people responsible for administering these programs. We must place fewer obstacles in the paths of both these groups. Students need better access to grant monies and a simplified process for obtaining financial aid. Administrators need less paperwork and more time to focus on their basic mission.

First, consider the strains placed on students served through Title IV. At a time when college costs are increasing, many of these students are being FORCED to borrow money in order to remain in college. In 1975, 76 percent of all federal aid was in the form of gifts, including grants, scholarships and other educational benefits. Twenty-one (21) percent of all federal aid was in the form of loans. By 1988, the share of federal gift aid had dropped to 30 percent; and the loan share of the total had increased from 21 to 66 percent.

We also have seen the purchasing power provided by the Pell Grant diminish significantly. Between 1975-76 and 1988-89, the

average annual increase in the maximum Pell Grant was $62, compared to an average annual increase in the cost of attending a public two-year college of $335. As you can see, Pell Grant maximum awards have increased much more slowly than have college attendance costs.

In short, we need the Pell Grant maximum to be increased so that low-income students do not have to shortchange their futures by borrowing additional funds to pay ever-higher tuition rates. We already know that our community college students will pay higher tuition rates this fall. We are waiting for the North Carolina legislature to tell us the extent of the tuition increase now (estimated at a 40 percent increase).

Increasing the Pell Grant maximum would also, no doubt, result in a decrease in loan defaults--a problem which affects Wake Technical Community College, however, less than many other institutions, I might emphasize. Wake Tech's most current default rate was 2.1 percent for Title IV loans, a rather small percentage compared with other institutions.

Institutions with irresponsibly high default rates do drain our nation's resources, and they and their students should be held accountable. To balance the scales, I suggest that Congress recognize Wake Tech and other institutions that have a low rate of default as responsible institutions by eliminating the excessive accountability burdens imposed upon them.

Again, we need fewer obstacles in our financial aid process, and mounting paperwork is one of the greatest hurdles. The paperwork burden on our financial aid office MUST be reduced and simplified. Currently, the financial aid office must obtain from each student a number of certifications that have little to do with the student's monetary needs. The amount of paperwork involved with these certifications is enormous, and more and more we see the responsibilities of the financial aid office moving toward handling paperwork and away from evaluating the real needs of students as they seek an education.

Both the financial aid office and the students view the application process as unnecessarily complicated, as well. The application form used by students seeking Title IV monies should be streamlined and simplified. For example, students find dependency status requirements extremely confusing, and, as a result, they usually have to request assistance in completing the form.

The Student Right-to-Know and Campus Security Act--to become effective July 1--also places a tremendous burden on community colleges. As an example: How do you follow up a student who simply disappears? He cannot be tracked because he leaves no address. The Right-to-Know provision requires that he be counted negatively in the employment statistics anyway. Another example is the student who, say, studies computer programming. He drops out, and he does not become employed in the computer field. This

student, too, becomes a negative statistic because he must be listed as "unemployed" for reporting purposes. Additionally, where are we to obtain the funds to compile and publish these kinds of statistics? With the budget cuts we are having to absorb along with the increased demand for our services, we have already surpassed the stretchable limits.

Campus Security requirements should be significantly modified for community college purposes. Community colleges do not have residence halls, and our crime-on-campus rates are negligible. The procedures for maintaining and publishing such statistics will create financial hardships for our college.

I would call your attention, also, to a potential obstacle that would have a tremendously negative effect on this college: the move to convert all credit hours to clock hours. Should clock hours become a basis for awarding financial aid, some of our programs--while of high quality and approved by our national accrediting agency--would fall slightly short of the proposed clock-hour standard. Students in these programs thus would be hurt because they would not qualify for such financial aid.

I further recommend that the Ability-to-Benefit Rule not affect collegiate institutions such as ours. Wake Tech as a practice admits students who have a high school diploma or GED. We feel that the Committee might use this educational standard as a minimum qualification for aid in compliance with the Ability-to-Benefit Rule. In any event, minimum standards should be

specifically spelled out if the Ability-to-Benefit Rule is to be imposed.

In addition, I endorse Chairman Ford's idea of funneling the National Direct Student Loan program's revolving funds into the Supplemental Educational Opportunity Grants program. Such a measure would generate increased funds for grants--again lessening the need for students to go heavily into debt just to stay in school.

I also suggest that funding be provided for child care for disadvantaged college students. Child care assistance was authorized under Subpart 8, Section 420B but was never funded. Such funding would allow many persons to obtain the education they need in order to escape a life of poverty which carries over from generation to generation.

Finally, to recognize the unique role that community colleges play throughout our nation, I strongly suggest that the U.S. Office of Education create an assistant secretary for community colleges. It is essential to have someone in the Secretary's office who understands the position of community colleges in the educational scheme.

We live in an era of many challenges. Every day Wake Technical Community College experiences the stresses and strains of reduced funding compounded by an ever-growing demand for our services. During the 1980s, the federal share of available financial aid to colleges nationwide decreased from 83 to 75

percent, while institutional aid grew from 12 to 19 percent of the total, with state aid increasing from 5 to 6 percent. At Wake Tech, our matching share for College Work Study and SEOG increased in the last three years from 15 to 25 percent.

If our college is going to continue to assist low-income persons (minority and otherwise) achieve their potential and enjoy the fruits of this nation, we must afford them the opportunity. In order to do this, we must make education more accessible. As we now see, the states are not able to provide these needs. We therefore must look to the federal government to provide these students an opportunity.

Chairman SAWYER. Thank you, Mr. Howell. Let me just mention, or perhaps even to emphasize, the comments made about completion rate studies that Mr. Howell alluded to, that July 1 date that is contemplated for completion of those studies is July 1, 1993, and not this coming year.

In the meantime, the Department of Education is supposed to do a study on whether or not all of this work is even feasible. That study is due August 1st, and frankly, will take time, I suppose, for those findings to be reflected in this reauthorization.

Now we have Mr. Hunt.

STATEMENT OF DOUGLASS HUNT, SPECIAL ASSISTANT TO THE CHANCELLOR, UNIVERSITY OF NORTH CAROLINA

Mr. HUNT. Mr. Chairman, members of the subcommittee, Congressman Price, Congressman Valentine, let me say just two things before I read the transcript statement.

On behalf of higher education, Chancellor Hardin wanted nothing more than to be here this morning, but as you know, he is on the board of trustees and must be there for his regular scheduled meeting.

Secondly, I would like to say that the State of North Carolina is blessed with two men who are being here today, that they are in Congress and bring such a high order of commitment and talent to the work they do.

All of you have my gratitude for this opportunity to talk with you briefly about issues involved in the reauthorization of our Higher Education Act. I thank you also for including in your witness list Eleanor Morris, the very able director of student financial aid in my institution, and Matthew Heyd, a Morehead scholar at Chapel Hill and president of our student body. I feel confident that their testimony will prove valuable to you.

Because this afternoon Mrs. Morris will supply you with a point of view which I support concerning student financial assistance, I shall not be long or detain you this morning on those points, except to say: that I urge upon you the need to deal with the problems of simplifying the needs analysis, the aid application, and the compliance requirements of the application, and the compliance requirements of the law so that families and students are not deterred from going to college by the very system intended to help them; that I urge you to address the inversion of the loan grant ratio in student aid that has turned the system upside down in the last decade; that I urge you to consider most carefully whether a system of loans directly made by the government and administered by these institutions of higher education, along with the lines recently outlined to you in testimony on behalf of the National Association of State Universities and Land Grant Colleges, would not more economically—in every sense—serve the national interest than the present system; and that I urge the influence of this committee be exerted to restore the tax deductibility of interest on student loans and to remove the tax on scholarships so that young people who finish college and start their careers with the equivalent of a home mortgage hanging over them will begin their life's work on a fairer footing (H.R. 394, the good work of our Congress-

man, David Price, in which Congressman Valentine and other Members of the North Carolina delegation have joined, is a fine vehicle to achieve these objectives).

In the remaining time allotted to me, I should like to draw attention to issues under this legislation bearing on the relation between postsecondary institutions and public elementary and secondary education.

It is commonplace, I suppose, that the ultimate reaches of higher education depend upon an umbilical link to the beginnings of education. Universities know that the training of the most sophisticated scholar or scientist begins when education begins.

My university feels in its depths the necessity of a responsibility to the system of public elementary and secondary education. We are working with the public schools of North Carolina to the end that the beginnings of a student's education contributes as effectively as we all wish to that student's performance at the utmost levels of capability at the highest levels of sophisticated education and training.

Two ideas for helping colleges and universities contribute to the effectiveness of the public schools are worth your close attention.

First, the idea of establishing in each congressional district at least one new model school to help in the restructuring of the public schools is a notion that appeals to me. Indeed, the dean of our school of education tells me that our university has been hard at work to create just such a school.

Second, I ask that you consider giving strong Federal support to assist in what has been called "School Grant Universities." Borrowing a phrase from that admirable education icon, the land grant college, the idea would be to establish in each State at least one "School Grant University" with a mission not unlike that of a land grant university. In an analog to land grant support of county agriculture agents, such a school grant university would be charged with helping to raise the level, performance and effectiveness of local schools. For a decade, many institutions of higher education have been at work in partnership with the public schools to strengthen public education and the programs that prepare teachers and educational leaders.

My university has been in the thick of this activity. The American Council of Education, the American Federation of Teachers, the National Education Association, the Business Roundtable, and the National Governor's Association have all strongly supported this linkage of the universities and the public schools. Now more than Federal blessing is needed. Federal support for a strong program is needed. As the Morrill Act, through the creation of the land grant colleges, provided a way to stimulate learning in agriculture and the mechanic arts and train a whole sector of our citizenry at the college level, so a school grant university program, supporting and utilizing higher educational facilities already in being, could enhance national investment in an educated citizenry everywhere in the Nation.

Finally, I should like to add my general support for the position taken on the many other issues in this massive piece of legislation by the American Council on Education and the National Association of State Universities and Land Grant Colleges: together they do the hard work of achieving consensus and speaking effectively for the needs of higher education in serving the public interest.

Thank you.

[The prepared statement of Chancellor Hardin follows:]

STATEMENT

of

PAUL HARDIN

Chancellor of

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

before the

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

of the

COMMITTEE ON EDUCATION AND LABOR

of the

UNITED STATES HOUSE OF REPRESENTATIVES

McKimmon Center, North Carolina State University

Friday, June 28, 1991

Mr. Chairman, Members of the Subcommittee, Congressman Price, and Congressman Valentine:

All of you have my gratitude for this opportunity to talk with you briefly about issues involved in the Reauthorization of the Higher Education Act. I thank you also for including in your witness list Eleanor Morris, the very able Director of Student Financial Aid in my institution and Matthew Heyd, a Morehead Scholar at Chapel Hill and President of our Student Body. I feel confident that their testimony will prove valuable to you.

Because this afternoon Mrs. Morris will supply you a point of view which I support concerning student financial assistance, I shall not long detain you this morning on those points--except to say:

--that I urge upon you the need to deal with the problems of simplifying the needs analysis, the aid application, and the compliance requirements of the law so that families and students are not deterred from going to college by the very system intended to help them;

--that I urge you to address the inversion of the loan-grant ratio in student aid that has turned the system upside down in the last decade;

--that I urge you to consider most carefully whether a system of loans directly made by the government and

administered by institutions of higher education, along the lines recently outlined to you in testimony on behalf of the National Association of State Universities and Land Grant Colleges, would not more economically--in every sense--serve the national interest than the present system; and,

--that I urge that the influence of this committee be exerted to restore the tax deductibility of interest on student loans and to remove the tax on scholarships so that young people who finish college and start their careers with the equivalent of a home mortgage hanging over them will begin their life's work on a fairer footing (H.R. 394, the good work of our Congressman, David Price, in which Congressman Valentine and other members of the North Carolina delegation have joined, is a fine vehicle to achieve those objectives).

In the remaining time allotted me, I should like to draw attention to issues under this legislation bearing on the relation between postsecondary institutions and public elementary and secondary education.

It is a commonplace, I suppose, that the ultimate reaches of higher education depend upon an umbilical link to the beginnings of education. Universities know that the training of the most sophisticated scholar or scientist begins when education begins. My university feels in its

depths the necessity of a responsibility to the system of public elementary and secondary education. We are working with the public schools of North Carolina to the end that the beginnings of a student's education contribute as effectively as we all wish to that student's performance at the utmost levels of capability at the highest levels of sophisticated education and training.

Two ideas for helping colleges and universities contribute to the effectiveness of the public schools are worth your close attention. First, the idea of establishing in each congressional district at least one new model school to help in the development and restructuring of the public schools is a notion that appeals to me. Indeed, the Dean of our School of Education tells me that our University has been hard at work to create just such a school.

Second, I ask that you consider giving strong federal support to a system of what has been called "School Grant Universities". Borrowing a phrase from that admirable educational icon, the land grant college, the idea would be to establish in each state at least one "School Grant University", with a mission not unlike that of a land grant university. In an analog to land grant support of county agriculture agents, such a school grant university would be charged with helping to raise the level, performance, and effectiveness of local schools. For a

decade many institutions of higher education have been at work in partnership with the public schools to strengthen public education and the programs that prepare teachers and educational leaders. My university has been in the thick of this activity. The American Council on Education, the American Federation of Teachers, the National Education Association, the Business Roundtable, and the National Governors Association have all strongly supported this linkage of the universities and the public schools. Now more than Federal blessing is needed: Federal support for a strong program is needed. As the Morrill Act, through the creation of the land grant colleges, provided a way to stimulate learning in agriculture and the mechanic arts and train a whole sector of our citizenry at the college level, so a school grant university program, supporting and utilizing higher educational facilities already in being, could enhance national investment in an educated citizenry everywhere in the nation.

Finally, I should like to add my general support for the positions taken on the many other issues in this massive piece of legislation by the American Council on Education and the National Association of State Universities and Land Grant Colleges: together they do the hard work of achieving consensus and speaking effectively for the needs of higher education in serving the public interest.

Chairman SAWYER. Thank you very much, Mr. Hunt, for speaking on behalf of Chancellor Hardin.

Just by way of observation, virtually all of you touched on common dreams of form simplification for purposes of access. An enormously important question, and I just want to assure you that those are concerns that echo literally across this country.

I am particularly appreciative of the comment from Chancellor Hardin about the importance of that link in terms of teacher preparation, which is in my view one of the critical factors that exists in the set of goals that the governors and President have offered for this decade.

We are losing that cadre of leadership and great educators that are leaving faster than we are able to replace them at this point, unless we make critical reforms in that.

Let me turn to Congressman Price for additional questions.

Mr. PRICE. Thank you. As Mr. Sawyer indicated all of you touched on the grant and loan pictures and the changes in that over the last decade and the impact it is having on your institutions.

Mr. Richmond, you especially feel that for disadvantaged students, changing aid from grants to loans, has been particularly detrimental. Governor Scott, of course, indicated that he felt that it would be desirable to move toward greater use of grants and work study programs in the early years of education, and switching more to loans in later years.

I wondered if you could elaborate and maybe help us understand a bit more the hardships this has imposed and how you think we might re-deploy what admittedly has been the scarce resources in this area.

Mr. RICHMOND. Let me first of all say that the prospect of being involved tends to influence a student's selections of majors for course of study. I think that aspect has certainly had a negative impact on the preparation of teachers.

Mr. PRICE. Yes, and can you elaborate exactly what form that influence might take? What kind of choices?

Mr. RICHMOND. I think it is the young person coming into college and looking at the prospects of employment after college, and the kind of debt that they would leave after college, that would tend to—I am a business professor by training, so they would tend to gravitate towards an area that would probably provide them with a more lucrative salary, thus depriving us of some talent that may otherwise go into teaching.

Granted, a teaching salary may not ever catch up with the salaries of an accountant, but when you add the prospect of coming out of even a public institution like ours, several thousand dollars in debt, that would tend to, I think that would be a very lucrative enticement.

Mr. PRICE. So you think that our problem with teacher recruitment is the kind of financial considerations that these students have to entertain, given this debt load.

Mr. RICHMOND. Exactly. And I think that you could go on and talk about graduate education. I think it is highly unlikely for a student coming out of undergraduate school with a $14,000, $15,000 or $20,000 debt, that you could contemplate further education, and

that has a negative impact on the prospects of college teachers and economics teachers.

Mr. PRICE. Rather, you seem to be suggesting that not only do we need a more generous amount of grants, but also we ought to distribute these funds somewhat differently, concentrating in the early years on grants and work study. Can you elaborate on that?

Mr. HOWELL. Well, I speak from the economic standpoint and the mix of our student populations, probably a record from that, of the postsecondary education, and one thing about the things that we attempt to do, first off, is to encourage the enrollment and participation in the postsecondary education process. A lot of people attend a four year institution because the costs are lower, but nevertheless, the cost may be even in our system, greater than we can afford.

Though not necessarily the tuition. We had a relatively low tuition rate in North Carolina junior colleges, which is less than other States in the Nation. The cost is not just tuition, it is the cost of the supplies and materials, books, particularly in the allied health professions.

So to encourage that enrollment and initial participation is there, with confidence, and I can get it started, the Pell grant should be heavier later on.

Again, our profile on students, the student is working full time and going to college part-time, and all of those financial issues, the emergence of child care, the emergence of transportation, in addition to cost of supplies, material, etcetera, etcetera, uniforms for nurses and those kinds of things, all of those exacerbate the abilities of the structure for students.

To get them started in the process, we think that those events show the need to let the students in the first year have grants.

Mr. PRICE. I think you raised a broader policy question, and Mr. Hunt touched on this earlier, and as you know, this is being widely discussed in administration circles and the higher education community right now. That is the proposal that guaranteed student loans be replaced at least in part by direct loans. The administrative officials floated that earlier and apparently got a great deal of comment.

What would be, in your view, the advantages and disadvantages of moving to that kind of system?

Mr. HOWELL. I think the case is well laid out by the testimony before this subcommittee of June 12th, including questions and answers that have been raised as well as—and fairly reassuring answers on how they could work.

If you remember student aid before 1972, you know that it was really done the other way for many, many years and was quite effective. The problem is one which Mrs. Morris can expound on this afternoon.

The problem the institutions state is that they are being held accountable for facing bad loans. They don't know where they are. The kids are often very much confused by the number of sources of their financial aid and the number of persons they are accounting to that forms that fund.

So it does seem to me that if the Federal Government can lower accounts, the comparative cost would probably be something in the

order of 11 cents on the dollar for direct government loans, and 25 cents on the dollar for one administered through the banking system.

If we can diminish the overall cost of doing it, and economize in the sense of having fewer people dealing with it, and close at home watch over the student who has the loan on campus, it seems to me that the whole system of student aid would be greatly simplified in the fashion not unfamiliar until about 1972, and we can move things along and improve things a lot.

Mr. PRICE. Dr. Howell, in your testimony, you go into some detail about this question about credit hours versus clock hours.

Now, I will admit to you as a person who is not a Member of this subcommittee, I am not very well versed in the problems that you are talking about, but it sounds like you place great stock in this and have some powerful arguments about it.

Could you tell us concretely how this might work in your case and why you are wary of this kind of change?

Mr. HOWELL. Well, currently a student who takes 12 credit hours is considered a full-time student. You can take 12 credit hours and not be rated in clock hours to qualify as a full-time student under the new proposed regulations.

Therefore, you would have a good opportunity to disqualify a number of people who really need it, and are full-time students, that are caught not either in lab or not in lecture, but as many hours as some bureaucratic apparatus would say you have got to be in class to be considered a full-time student, and so it is, the changing of the system from credit hours to clock hours.

Mr. PRICE. But there have been some problems though, that led to that proposal. Can you tell us what those problems might be and how they might be dealt with, short of cancelled changes at administrations like yours?

Mr. HOWELL. I think the problems may have come up in preparatory schools, but I am not exactly sure, but I believe that is the origin of it. But it is going to have an impact negatively on us.

Mr. PRICE. Particularly an impact on technical schools and community colleges.

Mr. HOWELL. Yes.

Mr. PRICE. Why is that?

Mr. HOWELL. Because if you were a full-time student and you are not taking enough clock hours, then you do not qualify for a loan even though you need one to stay in school.

You heard Governor Scott mention that most of our students are working. Only approximately one-quarter of my student body comes, in traditional ways, right out of high school basics.

Seventy-five percent are people who have either been displaced from their jobs, people who are seeing that if I don't get additional education, I am going to be displaced from my job.

The current devised campaign may be taking 12 credit hours which qualifies them for assistance. We are talking about single parents also in schools, whereas now if we turn to clock hours, we are going to disqualify many of the people we are trying to keep in school to get back in the need of a job market or upgrade so they can retain their jobs.

I know this is a very, very serious threat. If we truly believe in keeping people off welfare, and I think this is an opportunity where people can currently come to college and continue to work and still receive some assistance, but because you are only taking 12 hours, which qualifies you as a full-time student, you have then been disqualified from college funds.

Mr. PRICE. I know we need to get our next panel on, but I do want to turn to one matter that Chancellor Monteith raised and I wonder if you could elaborate on it, Mr. Hunt.

It has to do with the library assistance and the kind of use that Chapel Hill and N.C. State and Duke have made of this program.

Can you elaborate on how that program works, in particular how this type of bill works for you in this area?

Mr. HUNT. We provide reading in the sector of university life and tremendous budget cuts, necessitated by the members of the State of North Carolina.

We are only one of thirty or thirty-two States I guess, in similar financial trouble this year, but let me say a word or two right now about how the program works in its financing.

I can sit at my desk and address the computer and find a number in the catalogue at the library at N.C. State or Duke or our own library, and then walk to the shelf, already having that reference in my hand before I go down there.

The exchange of information therefore, which really reinforces some things, has been going on in these libraries for many, many years. The exchange of information is now possible quickly and electronically.

We have service with Duke University since my time in school, a very long time ago, the 1940's. We have had sharing libraries with North Carolina State, which is easier since we are in the same State system, for many, many years as well.

It was, in fact, a pooled resource of these three libraries that attracted the National Humanities Center to the Research Triangle over several other very strong candidates.

It was accessible within a short distance, but now with electronic access, it is very quick. The support from the Federal Government in preserving the heritage of learning and scholarship and libraries, we are in the process, as you know, of seeing libraries deteriorate because of the kind of paperwork we have been manufacturing for several decades.

We have to find ways to attract from earlier data storage systems so we don't lose information that has been stored under another system, another system we no longer manufacture.

There is a whole series of related programs and Federal support for helping to find solutions to those problems so that we don't lose the heritage and knowledge of the human race which is reposed in libraries. It is really one of the most important things that we can do something about.

Mr. PRICE. Thank you. Thank you, Mr. Chairman.

Chairman SAWYER. Let me just add a couple of additional things through observations.

I particularly appreciate all you gentlemen have had to say. It does not take on any roles or vehicle for mediation and is really a waste of an awful lot of money and time. I couldn't add more to

what you have proposed, and what Mr. Hunt said about the importance of libraries.

Just let me mention one point that was particularly disturbing to me, and that is the number of library systems in small communities across the country linked to our paper catalogues, and wind up costing everyone else enormous amounts of money in preserving systems, and cataloguing that is less helpful and vastly more expensive.

Mr. HUNT. You realize, of course, that we already have a very large library on paper. We still have some of our catalogues and we haven't had the money to enter them into the computer system, and until we can make that transfer, we can't throw out the paper.

Chairman SAWYER. That is the pivotal role of the Federal Government and in particular, leadership in helping this Nation from the largest assistance to the smallest community, that we make it through this very difficult and critical transition.

When you have a direct lead to the Perkins loans, which have extremely low default rates and are extremely efficient in an extraordinary way, I have to tell you though that there are a lot of people who are terribly afraid when you start to talk about a Federalized loan system and that debate remains very much open through the course of discouraging consideration.

In talking about that loan, set of loans, and a mix between grants and loans, let me ask each of you to comment on an idea that our chairman has suggested, and that is that we front load grants to students early in their first couple of years of postsecondary education in an attempt to make sure that those who are going to stay have a basis on which to base that knowledge and that the losses are no greater as a product of front loading you reduce as a consequence, the default rate on those who then for their subsequent education are willing to invest in their own futures through loans rather than taking that risk up front.

Could you comment on that, David, as an idea that has generated comments of strong character on both sides, as you can imagine. It seems on its face to define the basis of logic and yet there is a kind of logic too, that goes right along with the notion of loan/granting versions and trying to reduce the default rates without losing any more money. Do any of you agree?

Mr. RICHMOND. Well, let me respectfully disagree with the chairman. I still see a major problem for these students for wherever a loan would be a part of financing plan, I still think that that very poor student would be deterred from certain professional areas, particularly teaching.

And this is because he would still have the prospect of maybe less debt, but there is still debt in your future with the front-loading proposition. Perhaps in certain disciplines, it may be appropriate, perhaps at certain socioeconomic levels, it may be.

Chairman SAWYER. Other comments?

Mr. HUNT. Mr. Howell advocated something very like that.

Mr. HOWELL. I would just like to speak from the community college level as a local institution. I think it is very, very stressful for your older adult students to come back in.

If there is any way that we can take the stress level down and I think by reducing the stress level, this would tend to do it. Let's

get them off to a great start, and then, after a year or two, we would be concerned with how we proceed with this person.

I think the key is to get them off to a successful start and not letting them also have the pressure of how am I going to pay this back along with my other family obligations and things of this nature.

So I think that if we can get people off to a very, very successful start, then we will make a dent.

Chairman SAWYER. Thank you all very much. I am grateful for your contributions this morning.

Let me call our second panel this morning. It is comprised of Mr. John Henley, President of North Carolina Association of Independent Colleges and Universities; Dr. John F. Burness, Senior Vice President, Public Affairs, Duke University; Dr. Prezell Robinson, President of Saint Augustine's College; Dr. Clauston Jenkins, President of Saint Mary's College; Dr. Allen Page, Dean, Undergraduate Education of Meredith College; Dr. Talbert Shaw, President of Shaw University; Dr. James D. Hemby, Jr., President of Barton College.

Welcome gentlemen.

The same procedure applies. Let me urge you that in the interest of trying to sustain a fairly rigorous schedule that we have before us through the remainder of the morning, that while we are not keeping time, the closer you can keep to the allotted 5 minutes, the closer we will be able to maintain our schedule.

Although I again want to emphasize that the full text of your comments will become a part of the record, you should feel free to summarize, expand upon or roam around your topic as you see fit.

Thank you and I turn to our first witness, President Henley.

STATEMENT OF JOHN HENLEY, PRESIDENT, NORTH CAROLINA ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

Mr. HENLEY. Thank you, Mr. Chairman, for the invitation to speak today. We in North Carolina are very pleased to host your subcommittee and right now, our own David Price, and certainly Tim, who is here. We are sure glad to be working with your committee.

North Carolina has a higher education system that rivals any in the Nation. Our 37 private, non-profit, two year and four year colleges with whom I work, the 58 community colleges, and 16 public universities provide an outstanding program to educate citizens of all ages and all interests.

Enrolled in 1990 are more than 302,000 students for each three sections. The 37 independent colleges and universities in North Carolina include 33 4-year institutions and four 2-year institutions. There are six historically black institutions and five women's colleges. Fourteen institutions offer graduate and/or professional programs. In 1990, independent institutions awarded one-third of the bachelor's degrees, although they had enrolled one-quarter of the undergraduate college students in North Carolina. We also awarded 47 percent of the medical degrees and 62 percent of the law degrees.

Large numbers of these students enrolled received financial assistance. Many students need more money than the current fund provides. Others who need assistance are not eligible at all.

A number of them are concerned in independent colleges and universities to make funds available to students, and available in ways that would leave students with a reasonable, manageable debt burden.

Another major area of concern for us in North Carolina that is affected by the availability of financial aid is the college loan rate. Although the rate has been rising gradually over the past several years, an in-state college loan rate of only 38.2 percent provides a serious challenge to our State. We cannot meet the challenge of increasing the number of students going to college unless we provide adequate financial assistance for our students. Our institutions are working very hard to increase the amount of money they can make available to the students. Institutions continually increase those dollars but the colleges and universities by themselves cannot meet the growing financial need of the students.

I think our institution of research is getting, as far as financial aid, approximately 30 percent in the last 6 or 8 years. Yet, the time or the need for students is increasing, the following Federal programs are not able to meet the needs they met 10 years ago. In 1979–80 North Carolina's independent institutions received $19.4 million in Pell grant funds, then called SEOG grants. In 1989–90, these institutions received $18.5 million—so you can see that 10 years later, institutions received fewer actual dollars to be divided among more students. While those funds had decreased by almost $1 million, our tuition has been driven up almost two and one-half times the amount it was 10 years ago. There had been some increases in the SEOG program, and those have been much appreciated, but they have not been adequate to keep up with the rising cost or to make up for the losses of the Pell grants. We are very glad to hear that the House Appropriations Committee recently included an increase in the SEOG program of $50 million. This will certainly help.

The costs to attend independent colleges and universities in North Carolina are approximately 25 percent less than the national average. So, although our costs are very reasonable by comparison, the amount of assistance to students in percentage of tuition covered and the relative income of those eligible for Title IV funds has changed dramatically.

There are not enough funds to help all of the students who have financial need. When we target monies to those with the greatest need, we risk reducing or even cutting out completely those struggling on a very moderate income. These are students who would have received funds 10 years ago but cannot under the current limited funds and restrictions. The so-called middle income students attending a college are caught in what we call a catch-22 situation. They do not meet the eligibility requirements for grants, but do meet the rules for subsidized loans. Unfortunately, these students have generally lost eligibility even for the Stafford Loan program. Students need access to funds at an entrance level that will not be impossible for them to repay.

Although the area of saving for education does not fall under the purview of this hearing, it is an area of concern to all of us in higher education. We need to encourage parents to save money for their children's education. That is not an easy proposition when there is so much demand on home incomes. We need to provide IRA types of funds for education, and the interest on loans used for education ought to be tax deductible. We provided that deduction for the purchase of homes but not for the purchase of education, a product that will provide better educated, higher paid, and thus higher tax-paying citizenry. Such a distinction is simply not logical.

We are grateful for the support Congressman Price's bill, H.R. 394, provides. This bill would reinstate the tax exempt status for scholarships and fellowships and can make a big difference in a student's ability to attend college. We need your help and leadership in making these changes.

Independent institutions do not have the benefit of the kind of State subsidy that the public institutions have. Our institutions are tuition driven. They have to have enough funds to support their operations. Thirty-one of our 37 institutions have a balance under $18 million or less. More than one-half have a balance under $10 million. Each is trying to build endowment to support institutional and financial assistance, maintain and update older facilities, and pay for the new programs and new technology required for computer hardware and software, science and other types of equipment, and for the automation of libraries and other administrative functions. Of course, institutions are also trying to address capital improvements that are necessary. In spite of these finances, independent institutions are doing their best to hold down their costs while providing a quality higher education in a small campus setting.

Our institutions still need the resources of the Higher Education Act to help make attending college a reality for the poor, moderate and middle income families.

We need, as I mentioned earlier, increased availability of Pell grants and loans. The maximum amount of the Pell grant needs to be increased to make it tuition-sensitive.

We need a reasonable balance of grants and loans to provide more funds for SEOG, Perkins Loans and Work Study.

We need to increase the limits on Perkins, Stafford, and PLUS loans so that students who need those can approximate their need more closely.

We need to establish creative loan payback options such as loan forgiveness for community service and related jobs.

Finally, Mr. Chairman, we need to keep in mind that seeking simplicity in the aid process is laudable, seeking equity in this process is imperative. We need to realize that we may not be able to have both.

Thank you so much for the opportunity to speak today.

[The prepared statement of John Henley follows:]

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Large numbers of those students enrolled receive financial assistance. Many students need more money than current funds provide. Others who need assistance are not eligible at all, yet cannot see any way to pay the price of education. Our number one concern at independent colleges and universities is that funds be available to students, and available in ways that will leave students with a reasonable, manageable debt burden.

Another major area of concern for us in North Carolina that is affected by the availability of financial aid is the college-going rate. Although that rate has been rising gradually over the

past several years, an in-state college-going rate of only 38.2% provides a serious challenge to our state. We cannot meet the challenge of increasing the number of students going to college unless we can provide adequate financial assistance for our students. Our institutions are working very hard to increase the amount of money they can make available to students. Institutions continue to increase those dollars, but the colleges and universities by themselves cannot meet the growing financial need of students.

Yet, at a time when the need of students is increasing, the funds from federal programs are not able to meet needs they met ten years ago. During 1979-80, North Carolina's independent institutions received $19.4 million in Pell Grant funds, then called the BEOG grants. In 1989-1990, these institutions received $18.5 million --- so you see that ten years later, institutions received fewer actual dollars to be divided among more students. While those funds have decreased by almost $1 million, our tuition has been driven up almost 2½ times the amount it was ten years ago. There have been some increases in the SEOG program, and those have been much appreciated. But they have not been adequate to keep up with rising costs or to make up for the losses in Pell Grants. We were very glad to hear that the House Appropriations Committee recently approved an increase in the SEOG program of $50 million. That will certainly help.

The costs to attend independent colleges and universities in North Carolina are about 25% less than the national average. So, although our costs are very reasonable by comparison, the amount of assistance to students, the percentage of tuition covered, and the relative income of those eligible for title IV funds have changed dramatically. There are not enough funds to help all the students who have financial need. When we target money to those with the greatest need, we risk reducing or even cutting out completely those struggling on very moderate incomes. These are students who would have received funds 10 years ago but

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cannot under current limited funds and restrictions.

The so-called "middle income" students attending our colleges are caught in a Catch 22 situation. They do not meet the eligibility requirements for grants but do need reasonable subsidized loans. Unfortunately, these students have generally lost eligibility even for the Stafford loan program. Students need access to funds at an interest level that will not be impossible for them to repay. Nor do we want to drive these students into seeking the highest paying jobs available simply so they can pay back their loans at the expense of their considering more public service-related or non-profit and probably lower paying types of positions.

Although the area of saving for education does not fall under the purview of this hearing, it is an area of concern to all of us in higher education. We need to encourage parents to save money for their children's education. That is not an easy proposition when there are so many demands on incomes. We need to provide IRA types of funds for education, and the interest on loans used for education ought to be tax deductible. We provide that deduction for the purchase of homes but not for the purchase of education, a product that will provide a better educated, higher paid, and thus higher tax-paying citizenry. Such a distinction simply is not logical.

We are grateful for and fully support Congressman Price's bill HR 394. This bill would reinstate the tax exempt status for scholarships and fellowships and could make a big difference in a student's ability to attend college. We need your help and your leadership to make these changes.

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institutions have. Our institutions are tuition driven, they have to have the funds to support their operations. 31 of our 37 institutions have endowments of $18 million or less. More than one-half have endowments under $10 million. Each is trying to build endowment to support institutional financial assistance, maintain and update older facilities, and pay for the new programs and new technology required for computer hardware and software, science and other types of equipment and for the automation of libraries and other administrative functions. Of course, institutions are also trying to address capital improvements that may be necessary. In spite of these demands, independent institutions are doing their best to hold down costs while providing quality higher education in a small campus setting.

Our institutions and our students need the resources of the Higher Education Act to help make attending college a reality for poor, moderate and middle-income families.

- We need, as I mentioned earlier, increased availability of Pell grants and loans. The maximum amount for Pell Grants needs to be increased and made tuition-sensitive.
- We need a reasonable balance of grants and loans combined with more funds for SEOG, Perkins Loans, and work study.
- We need to increase the limits on Perkins, Stafford and PLUS loans so that students who need those can approximate their need more closely.
- We need to establish creative loan payback options such as loan forgiveness for community service and related jobs.

Finally, Mr. Chairman, we need to keep in mind that seeking simplicity in the aid process is laudable, but seeking equity in this process is imperative. We need to realize that we may not be able to have both.

Thank you.

Chairman SAWYER. Thank you very much, Mr. Henley. And now Dr. Burness.

STATEMENT OF JOHN F. BURNESS, SENIOR VICE PRESIDENT, PUBLIC AFFAIRS, DUKE UNIVERSITY

Mr. BURNESS. Mr. Chairman, thank you. I appreciate the opportunity to appear before you today.

I would like to speak of two issues which relate to the question of financial aid. According to the United States Department of Education, between 1978 and 1988, the Federal Government dropped from providing 47 percent down to 17 percent of its total Federal financial aid pool in the form of direct grants to needy and middle class students.

By 1988, 80 percent of Federal financial aid took the form of loans. At Duke, and at many of our sister institutions, admissions decisions are based on an assessment of a student's potential to contribute to and benefit from the educational experience we offer, regardless of that student's financial circumstances.

In order to maintain this "need blind" admission policy, we are committed to investing considerable amounts of our own resources to make it possible for able but needy students to attend our university.

Whether this transfer of responsibility for assisting needy and middle income students from Federal Government to parents and institutions may be appropriate public policy is debatable, but its impact on university finances is indisputable.

At private institutions, one obvious result is the rise in tuition costs. According to Arthur Hauptman, a Washington-based economist who specializes in higher education finance, roughly 25 percent of the annual increases in tuition at private institutions during the decade of the 1980's may be attributable to the institution's filling the financial aid gap created by the Federal Government's policy decision to shift from grants to loans.

This 25 percent alone essentially represents the annual increases in tuition above the consumer price index. At my own institution, for example, from 1984 to 1990, Duke's commitment of its own resources to the financial aid budget increased by 153 percent, from $4.6 million annually to $11.7 million.

At Duke and many of America's private colleges and universities annual increases in financial aid budgets to ensure its accessibility have doubled the rate of annual increase of tuitions.

The adverse affect of the shifting sands of Federal policy are even greater in the area of graduate education. Fundamental policy decision was made by the Federal Government in 1945 that basic research would be conducted in America's university system and would be intrinsically linked to graduate education.

The siting of the research enterprise in universities rather than in government laboratories is a fundamental difference between science and research in America and the rest of the world.

It is one reason why we are the most technologically advanced Nation in the world, and it is why our universities constitute one of the major positive contributors to America's trade balance.

Increasingly, however, the strength of this university/government partnership is threatened by the absence of coherent Federal policies toward research, making it increasingly difficult for faculty, researchers and institutions to develop consistent long term programs to support graduate education and in some cases, research itself. This failure is a major contributor to problems in the areas of science education.

My colleague, mathematician Phillip Griffiths, Provost at Duke, who I regret is spending his last day at our institution as Provost because he assumes the new role of the Director of Institute for Advanced Study at Princeton tomorrow, made the following observations about science education at a conference at Duke earlier this year for the State's colleges and universities which looked at the interest of educating in science, and I have enclosed with my testimony a copy of his full statement.

"Between 1968 and 1988, the proposition of college freshmen planning to major in science fell by 50 percent. During the same period, the number of American Ph.D.'s in many areas of science and engineering fell by 50 percent. According to a recent National Science Foundation study, less than one in three of those who switched out of science and engineering said they found their course work to be too difficult."

The reasons for leaving science, says Griffith, citing a survey of student attitudes were largely motivational: "43 percent . . . found other fields more interesting and 26 percent believed they would have better job prospects elsewhere."

What can be done? Clearly, short-term band-aid approaches will not address the fundamental issue. The long-term planning approach to encourage students to continue to study during their undergraduate years and to pursue graduate education in science is needed if we are to replenish our economy with trained American scientists.

If the Federal Government does not take a consistent approach to education funding, nor produce a reliable long-term plan or program for it, then universities by themselves cannot realistically be expected to produce consistent long-term education programs to encourage students to pursue careers in science and research.

As Provost Griffith has noted, "The quality of our scientific human resources depends on how effective we are in achieving three objectives: educating the next generation of scientists; educating professionals in all fields that require scientific skills, and; developing sufficient scientific literacy in the general public. It is for all these compelling reasons that the reform of science education is perhaps our most vital long-term interest."

A strong Federal commitment to affordable graduate education can have tremendous impact on science education. Fortunately, through programs in the National Science Foundation initiated in the past few years with your support and that of other congressional leaders such as Congressman Valentine and Chairman George Brown of the House Science and Technology Committee, increasing Federal resources are being invested to strengthen science education in our schools, primary and secondary and our undergraduate colleges.

But there needs to be a similar effort in financial aid at the graduate level. To date, the Federal Government has yet to establish as a priority a program of incentives to ensure that the Nation's most able and talented young students are encouraged to pursue advanced training.

I urge you and your colleagues to give this important issue your attention as you consider how best to strengthen the ability of our colleges and universities to provide the trained scientific manpower our Nation will need in a future in which social and economic progress promises to be based largely on advances of science and technology.

Thank you.

[The prepared statement of John Burness follows:]

Duke University
Durham
North Carolina 27706

SENIOR VICE PRESIDENT
FOR PUBLIC AFFAIRS

209 ALLEN BUILDING
(919) 684-2788

Testimony
Before the
U.S. House of Representatives
Committee on Education and Labor
Higher Education Act Reauthorization
by John F. Burness
Senior Vice President for Public Affairs
Duke University
June 28, 1991

I understand that you will receive testimony later today from a panel involving my Duke colleague Jim Belvin that will direct its focus to financial aid questions, but I want to make a brief comment in that important area.

According to the Department of Education, between 1978 and 1988, the federal government dropped from providing 47 percent to 17 percent of the total federal financial aid pool in the form of direct grants to needy and middle-class students. By 1988, 80 percent of federal financial aid took the form of loans.

At Duke and many of our sister institutions, admissions decisions are based on an assessment of a student's potential to contribute to and benefit from the educational experience we offer **regardless** of the student's financial circumstances. In order to maintain this "need-blind" admissions policy, Duke is committed to investing its own resources--usually from endowment or other private support--to make it possible for able but needy students to attend our university. And as a result of the shift in federal policy from grant to loan we are investing considerable sums of our own funds to ensure access under our need-blind admissions process.

Whether this transfer of responsibility for assisting needy and middle-class students from the federal government to parents and institutions may be appropriate public policy is debatable; but its impact on universities and university finance is indisputable. At private institutions where state support is lacking, this change has had especially important impacts. One obvious result is the rise in tuition costs.

According to Arthur Hauptman, an economist who specializes in higher education finance, roughly 25 percent of the annual increase in tuition at private universities during the 1980s may be attributable to the institutions' filling the financial aid gap created by the federal government's shift from grants to loans. That 25 percent alone essentially represents the annual increase in tuition above the consumer price index. From 1984 to 1990, Duke's commitment to the financial aid budget increased by 153 percent, from $4.6 million annually to $11.7 million. At Duke and many of America's best private colleges and universities, annual increases in financial aid budgets to ensure accessibility have doubled the rate of annual increases in tuitions.*

The adverse effects of the shifting sands of federal policy are even greater in the area of graduate education. A fundamental federal policy decision was made in 1945 that basic research would be conducted in America's university system and would be intrinsically linked to graduate education. The siting of the research enterprise in universities rather than in government laboratories is a fundamental difference between science in America and the rest

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*From its founding, Duke has had a special commitment to educate the brightest young people of North Carolina. This past year alone, through our Benjamin N. Duke Scholarship program, the university provided more than $600,000 in direct grants to disadvantaged students from the Carolinas to enable them to graduate Duke without any loan indebtedness.

of the world. It is one reason why we are the most technologically advanced nation in the world, and it is why our universities constitute one of the major positive contributors to America's trade balance. Increasingly, however, the strength of this university-government partnership is being threatened by the absence of coherent federal policies toward research, making it increasingly difficult for faculty, researchers, and institutions to develop consistent, long-term programs for graduate education and in some cases research. And this failure is a major contributor to problems in the area of science education.

I would like to cite some data from a talk (a copy of which is appended to this testimony) given by my colleague, mathematician Phillip A. Griffiths, who, I regret, leaves his position as Provost at Duke today to assume his new role as director of the prestigious Institute for Advanced Study in Princeton, New Jersey. A member of the National Academy of Science who serves on the National Science Board, Dr. Griffiths made the following observations about science education at a conference Duke sponsored earlier this year for the state's colleges and universities on "Educating for Science".

"Between 1968 and 1988, the proportion of college freshmen planning to major in science fell by 50 percent. . . . During the same period, the number of American Ph.D.s in many areas of science and engineering fell by 50 percent. . . . According to a recent NSF study, less than one in three of those who switched out of science and engineering said their course work was too difficult." The reasons for leaving science, says Griffiths, citing a survey of student attitudes, were largely motivational: "Forty-three percent . . . found other fields more interesting; and 26 percent believed they would have better job prospects elsewhere."

What can be done? Clearly, short-term band-aid approaches will not address the fundamental issue. A long-term-planning approach to encourage students to continue study during their undergraduate years and to pursue graduate education in science is needed if we

are to replenish our economy with trained American scientists. If the federal government does not take a consistent approach to education funding, nor produce a reliable long-term plan for it, then universities by themselves cannot realistically be expected to produce consistent long-term education programs to encourage students to pursue careers in science and research.

As Provost Griffiths noted, "The quality of our scientific human resources . . . depends on how effective we are in achieving three objectives: 1) educating the next generation of scientists; 2) educating professionals in all fields that require scientific skills; and 3) developing sufficient scientific literacy in the general public. It is for all these compelling reasons that the reform of science education is perhaps our most vital long-term interest."

A strong federal commitment to affordable graduate education can have tremendous impact on science education. Fortunately, through programs in the National Science Foundation initiated in the past few years with your support and that of other congressional leaders such as Congressmen Tim Valentine of North Carolina and George Brown of California, increasing federal resources are being invested to strengthen science education in our schools and colleges. But there needs to be a similar effort at the graduate level and to date the federal government has yet to establish as a priority a program of incentives to ensure that the nation's most able and talented young students are encouraged to pursue advanced training. I urge you and your colleagues to give this important issue your attention as you consider how best to strengthen the ability of our colleges and universities to provide the trained scientific manpower our nation will need in a future in which social and economic progress will be based largely on advances in science and technology.

Educating for Science: A National, Regional, and Institutional Imperative

Phillip A. Griffiths, Professor of Mathematics and Provost, Duke University

[Introductory talk given at the conference "Educating for Science," Duke University, March 26, 1991]

Among the major issues facing the country today, I would like to single out four as being especially noteworthy: economic competitiveness; the environment and agriculture; medicine and health care; and high technology, in both defense and civilian sectors. The sciences are a major and essential component of each of these areas, and our ability to meet the challenges in such areas depends directly on the quality of our scientific human resources. The quality of our scientific human resources, in turn, depends on how effective we are in achieving three objectives: 1) educating the next generation of scientists; 2) educating professionals in all fields that require scientific skills; and 3) developing sufficient scientific literacy in the general public.

It is for all these compelling reasons that the reform of science education is perhaps our most vital long-term national interest. And because of their significant role in addressing the four major areas I listed above, the region of the Southeast and the state of North Carolina must be especially concerned with the reform of science education.

The problems with science education and its reform are complex, involving the scientific and education communities; federal state and local government; industry and the private sector as a whole; and societal attitudes and trends generally. For our purposes today, the problems are organized into six areas. One of the goals of this conference is to bring expertise and

experience together in the form of panel discussions that will focus on each of these these six areas in depth, to be followed at the end of the day by a plenary session in which we can draw together and inter-relate the six areas. Our discussions and conclusions today can then be developed into a conference proceeding that will, we can hope, become a basis for further progress in the reform of science education.

To frame the overall issue and to give his unique perspective, we are very fortunate to have as a keynote speaker Dr. Luther Williams, Director of Education and Human Resources at the National Science Foundation.

Before our break, I would like to make a few general observations about the teaching of science at the collegiate level--these are not particularly original with me but are based on a broad scope of recent reports and analyses of problems in science education. I will start with three fairly straightforward observations:

1. In a recent report on student experiences with introductory college science courses Sheila Tobias found that, "A very large number of American high school graduates survive their less-than-perfect precollege education with their taste and even some talent for science intact."[1] This discovery should make us take heart that their natural curiosity has not yet been thrashed out of them by the time they reach college. But we can't celebrate prematurely, for my next point is that,

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1 Sheila Tobias. "They're not Dumb. They're Different: A New "Tier of Talent" for Science. Excerpted in Change July/August, 1990, from a booklet published by Research Corporation, 1990. p. 13.

2. Between 1968 and 1988 the proportion of college freshmen planning to major in science fell by fifty per cent. This suggests that something has changed in the last two decades in college students' basic attitudes toward majoring in science, and toward learning science as preparation for various professions.

3. During the same period, the number of American Ph.D.s in many areas of science and engineering fell by fifty per cent. For example, Americans now account for less than half of all students pursuing Ph.D.s in mathematics.

The diagnosis of these three points would be greatly simplified if most of those who switched out of science majors or careers did so because they were ill-prepared when they got to college. We would then know that the fall-off is due to poor pre-college preparation, and would try to remedy that.

But not all who switch out of science majors do so because they get bad grades or feel out of their league. In fact, according to a recent NSF study, less than one in three of those who switched out of science and engineering said their course work was too difficult. Two other reasons were much more common: 43 per cent of those who switched out of science and engineering did so because they found other fields more interesting; and 26 per cent believed they would have better job prospects elsewhere.[2] This suggests that the primary cause of the fall-off is not skill related but motivational.

The scientific community, of which I am a member, is generally aware of these trends, and in some quarters has even started trying to do something

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2 Tobias, p. 15.

about them. But the prevailing attitude within college and university science faculties is that if there is a science education problem it is a problem created elsewhere: the result of poor science preparation in high school and elementary school; or it is a reflection of poor teacher recruitment and training in the public schools; or it is the negative image of science portrayed by popular culture, reinforcing the basic anti-intellectualism of mainstream American society; or it is simply the effect of perceived shrinking budgets to support scientific research.

These are the favorite excuses of many who witness the hemorraging of science majors. There is some truth to all of them, but there is also a lack of acceptance of real responsibility by many college and university scientists, who feel that they themselves are the real victims in the situation. As Tobias observes in the report on college science: "reformers are most comfortable with problems that have their origins (and hence their solutions) elsewhere."[3]

Against this tendency, I maintain that we as reformers must accept that the crux of the problem in college-level science lies closer to home. We have to reconceptualize our approaches to teaching science. The numbers I cited above suggest that we have to answer what seems to many of us to be a strange question: "Who will do science, and why?" We may think we already know the answers to this question. But if the old answers to this question are not yielding the desired results, we must be willing to look for new answers.

A number of factors convinces me that broad cultural shifts are behind what we are seeing in college science, and these shifts have made some aspects of our approach to science education obsolete. A few decades ago the idea of

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3 Tobias, p. 13

struggling for several years after college and working hard to become a scientist had a certain attraction, a flavor of glory rather akin to the appeal of joining the Marines--"all we need is a few good men." The then-current sink-or-swim approach to teaching science fueled and enhanced this analogy. Hand in hand with the Marine image went the social Darwinist notion that scientists are born and not made. The weak of spirit and mind were therefore to be weeded out ruthlessly in the boot-camp of introductory college science courses. Natural selection would take care of the rest. Whatever we may think of this idea, basing science education on it isn't working today. Somewhere along the line the Marine analogy lost its allure for college science students. A change in culture has come about. The challenges of trying to launch a career in science are no longer seen as rewarding or as glorious.

If this is the case--if there has been a fundamental change in the culture of young people and their attitudes toward science, it means that there must be a corresponding change in the culture of science faculty and their attitude toward teaching science. In the remaining remarks I would therefore like to discuss some ways in which we can make changes in the culture of teaching that will help to address these shifts in student attitudes toward science.

1. We must first of all escape from the mentality that our main goal in structuring introductory science courses is to "filter out" unqualified or uncommitted students, "separate the men from the boys", or whatever. The danger is that we are filtering out a great many qualified people who might otherwise choose to become very capable scientists. The "weed out" approach may have sufficed once upon a time, when the faculty believed that young scientists were those who intellectually and spiritually "had no choice" and would put up with almost any hardship to reach the mountaintop.

But the culture has changed, so that we no longer ennoble science in the eyes of science students by drumming into them the fact that science is "hard". "Hard" used to mean "respectable," "challenging," and "worth it." But as the student experiences in Tobias' research testify, "students perceive a course to be 'hard' when it is 1) difficult to get a good grade; 2) time consuming; and 3) boring, dull, or simply not fun."[4]

The data on college freshmen who switch out of science reveal that bright young people see easier paths outside science where they perceive greater glory and rewards, at far less cost in hardship--and not merely financial rewards but rewards in terms of greater sense of relevance, greater self-esteem, and even greater freedom to create and innovate--something we scientists traditionally believe we have more of than anyone else.

The exodus of science students from science majors has created what Tobias calls the "second tier"--an echelon of students who could do science and even become scientists, but who have chosen not to do so. Our problem is to analyze what is causing the loss of these potential scientists, and think of ways to capture and hold the interest of students in this "second tier." And a primary locus of such reform will necessarily be introductory college science courses.

This is why the role and effectiveness of introductory science was the subject of a recent workshop organized by Sigma Xi. The workshop report acknowledged the shifts in the culture of science students, and recommended the re-structuring of introductory courses. The overall recommendation is that we take more of a human resources approach to the development of

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4 Tobias, p. 20.

young scientists through more flexible and dynamic science instruction that meets changing student interests and rewards creativity.[5]

We can no longer expect the old methods of recruitment based on trial-by-fire to net us the eligible and motivated young scientists. We cannot be merely selective, but must also work at developing scientists out of intelligent young people who today find science careers much less alluring than they have in prior decades. We need to place greater emphasis on development of the students we're getting, and less emphasis on selection as the foremost key to reproducing the brainpower in the sciences. We need to start thinking in terms of recruitment, retention, and rewards as opposed to expecting the next generation of scientists to rise like cream to the top, as we did, or as we think we did.

It is therefore appropriate that one of our six panels today will be devoted to this problem. The panel will explore the notion that rather than structuring introductory science courses to "filter" students, we must redesign them to function as "pumps" for the recruitment of interested and capable science students.

2. My second point is that the teaching of science has for the most part rarely asked the "why" questions that underly all scientific concepts and formulas, and provide the only framework within which they are intelligible. Teaching methods, for both traditional reasons and for economical reasons have focused almost exclusively on the "how" questions--how to understand

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5 "Entry-Level Undergraduate Courses in Science, Mathematics, and Engineering: An Investment in Human Resources." Racine, Wisconsin, June 21-24, 1990. Sigma Xi Committee on Science, Mathematics and Engineering Education, sponsored by NSF and the Johnson Foundation. RTP, North Carolina: Sigma Xi, 1990.

word problems on exams and problem sets and how to solve them; how to balance equations in chemistry; with the assumption that if you can do this then you understand the science behind them.

Another way of putting this is to say there is an imbalance between problem solving and understanding. The emphasis has been on skills over concepts and applications. Science education has been skill-driven to a much greater degree than it has been concept-driven, and this imbalance needs to be corrected.

Let me caution right away that going too far in the other direction--teaching only the concepts--would not be a good solution either, as we saw in the case of some approaches that were part of the "New Math" movement in the sixties. I think the lesson of the "New Math" and the resulting period of backlash against poorly conceived science education methods is that we must strive for some kind of "golden mean" between the two extremes.

Other panels this morning will focus on different aspects of the classroom environment--curriculum, independent study, the use of computers and other teaching aids, laboratory experiences, and innovative course structures.

3. My final point is that there needs to be a great improvement and expansion in the role of mentoring, especially in college and university science classes. We need to foster in young science students a much greater sense of belonging to the scientific community than we do at present. At the same time that the culture has changed, the scope of mentoring and the time available for it have actually decreased. Mentoring has been compromised by the tremendous expansion of enrollments in introductory science courses and the need to teach introductory science to a broader range of students,

more and more of whom require science preparation for careers outside of science per se.

On the face of it, the growth of the college population over the last forty years, which has required larger introductory science courses, should mean that we produce more serious science majors. But we are actually getting fewer--our "capture rate" has declined. Consider the well-prepared student who attended a high school where he or she was able to have close and rewarding relationships with science teachers. When this student arrives in a college introductory science course she will quite likely find herself in a class of fifty or eighty or more, all of whom must cram for and complete the same ten-problem midterm and final, only to be numerically ranked. It is no secret within the profession that this teaching format can be dispiriting to even the most committed science teacher as well.

Building motivation, then, is as important to our "capture rate" as maintaining high standards and good preparation. We are missing the opportunity to recruit and retain significant numbers of scientifically capable students. And one of the solutions to this problem will be the improvement of mentoring.

Some of the ways in which the mentoring environment could be improved include, first and foremost, the shrinking of class sizes and the elimination of large lectures in favor of smaller sections where the students can work with one instructor closely all year. Second, competition for grades must be reduced, and this will be greatly facilitated by smaller classes, in which professors can use much more individualized methods for judging a student's mastery of concepts, particular strengths and weaknesses, and effort.

Finally, mentoring is compromised by the extensive use of graduate teaching assistants who are often pedagogically untrained and who tend to view teaching as a distraction. There is also a problem with TAs from other countries who do not speak English very well. The answer to these problems is not to eliminate graduate TAs altogether or prevent foreign graduate students from teaching. The answer is realizing that communication skills and pedagogical skills are vital to teaching and mentoring, and their enhancement is no less important to our objective than excellent scientific knowledge and skills.

If we are to recapture the "second tier" of science students who are choosing not to do science, then mentoring will need to become a prominent item on the agenda in almost every area of science education reform.

These then are just a few of the issues we shall discuss today. In conclusion, I would like to ask Dick White, Dean of Trinity College and Vice Provost for Undergraduate Education, to make a few logistical remarks, after which we will take a short break. I look forward to productive panel discussions followed by the culling and integrating of ideas that will emerge during the plenary session.

Thank you.

Chairman SAWYER. Dr. Robinson.

STATEMENT OF PREZELL R. ROBINSON, PH.D., PRESIDENT, ST. AUGUSTINE'S COLLEGE

Mr. ROBINSON. Thank you very much, Mr. Chairman. I appreciate this opportunity to appear before the subcommittee.

Mr. Chairman, Members of the Subcommittee on Postsecondary Education, I am Prezell Robinson, President of Saint Augustine's College in Raleigh, a member of the United Negro College Fund better known as UNCF.

I appear today on behalf of these 41 member institutions and our predominately African-American students who attend our private, historically black, primarily liberal arts institutions of higher education.

At the request of Congressman Price, I will discuss with you Title IV, Student Assistance under the Higher Education Act and its importance, not only to the survival and enhancement of these 41 member institutions, but to the educational aspirations of all those 50,000 students who attend UNCF colleges and universities.

U.N.C.F. member institutions are in a growth mode, with 31 of our 41 member institutions showing enrollment increases of 2 percent over Fall of 1989, and up to 16 percent over the past 4 years.

Our member colleges enrolled 49,397 students in September 1990, including students from 48 of the 50 States, and 1,504 students from 30 foreign countries and 339 from U.S. possessions.

To give you a capsule view of Saint Augustine's College, we currently enroll 1,900 students—the highest enrollment we have attained over the past 5 years—including African-Americans, Hispanic Americans, majority and foreign students—1,051 were freshmen, 367 of whom were sophomores, 271 were juniors, and 196 were seniors. The difference was a mixture along the various numbers here. Among our students, 80 percent currently receive Federal student assistance.

I think that is very significant, Mr. Chairman. That says something about the level of need that does indeed exist in many of these 41 member institutions. Among our students, 80 percent, as I said, currently receive Federal student assistance, broken out as follows for the 1988–89 academic year.

I would just like to run this by you very briefly. For the Pell grant program, the number of awards was, and this was at St. Augustine's only, 1,239; the amount was $2 million plus; the average award was $1,622.

S.E.O.G., the number of awards was 596; the total amount received was $780,694; the average award was $1,310.

Under the college work study program, there were 453 awards; the amount received was $564,726; the average award was $1,247.

Stafford loans, number of awards, 945; the amount was $2,216,893; average award was $2,346.

Perkins loans, number of awards, 143; amount, $291,129; average award, $2,036.

Parent Loans for Undergraduate Students, PLUS, and Supplemental Loans for Students, SLS, constitute a relatively insignifi-

cant portion of Saint Augustine's students financial aid package and portfolio.

Only 193 parents or independent students borrowed in the PLUS program, and only 11 students made SLS loans in 1988–89.

As you can tell from even a cursory examination of the above date, Saint Augustine's College students are very dependent on Title IV aid.

Similarly, an analysis of UNCF students as a group would reflect that 91 percent of all students received some form of Federal aid in 1988–89 and most receive several forms of loans, grants or work assistance.

Chairman SAWYER. Dr. Robinson, if I could interrupt for just a moment, you weren't here when I discussed the procedures this morning. Your testimony is extremely thorough and if we are going to benefit from it at all, then we have to ask you to summarize.

Mr. ROBINSON. I will be glad to do that.

Chairman SAWYER. Thank you, sir.

Mr. ROBINSON. Sure, no problem. We tried to document this very well and we do have, as you said, copies available.

Chairman SAWYER. Let me emphasize that the entire text of your statement will become part of the permanent record of this hearing and will be shared with the other Members of the committee.

Mr. ROBINSON. I was going to ask that that be done and you have just reassured me. Thank you.

Chairman SAWYER. It will be done.

Mr. ROBINSON. Thank you very much.

The dramatic expansion of students borrowing parallels the increased availability of student loans, spurred in part by the Middle Income Student Assistance Act of 1978, the 1976 amendments to the Higher Education Act increasing this special allowance paid to lenders, and the growth in the number of State-based guarantors providing guarantees for student loans following the demise of the federally insured student loan program.

I would like to move over very quickly to a few observations concerning recommendations, Mr. Chairman, that we have that in my opinion deserve very serious consideration.

One of these recommendations we would make is that the Pell grant program should become a true entitlement program with a $4,400 maximum award beginning in fiscal year 1994. The budgetary impact of this proposal might be phased in by applying the entitlement to freshman students only in the first year, and then adding a class of students each year thereafter.

Secondly, simplify the Federal student aid application process. For those of us who have to wrestle with that Federal aid application, it is a nightmare, and I won't go into the details here, but it can be simplified and I would not only urge, I would strongly suggest that serious consideration be given to simplifying that application.

Thirdly——

Chairman SAWYER. Makes the IRS look like a model of clarity, doesn't it?

Mr. ROBINSON. I concur.

Thirdly, reduce paperwork burdens in the financial aid program. I don't have to get into that. It is so obvious that the amount of paperwork involved in processing loan applications is, as you know, we would have never won the Gulf War if we had been using the same sort of bureaucratic red tape like is involved in processing a simple application.

Number four, eliminate the income contingent loan, ICL, program. This program represents a serious pitfall for low income students because it appears attractive, yet it is likely to trap students with lesser earnings growth in serious long-term debt.

For example, a student who borrowed $13,000 under the ICL program would be required to repay over $48,000 in principal and accumulated interest using the programs' assumptions as to income and projected minimum payment.

Five, merge the ICL concept into a totally campus-based Perkins Loan Program.

Six, eliminate the exclusive and arbitrary use of student loan default rates to exclude institutions from participating in Title IV programs. UNCF certainly understands the Department's desire to reduce student loan defaults. We share that concern. However, the criteria used to target institutions for special attention or exclusion from the program must be sensitive to the mission and purpose of an institution, as well as the institution's role in creating and solving the loan default program.

Finally, Mr. Chairman, America—this is according to one-third of the Nation's report—America is moving backward, not forward in its efforts to achieve the full participation of minority citizens in the life and prosperity of the Nation.

In education, employment, income, health, longevity and other basic majors of individual and social well-being, gaps persist and in some cases, are widening between members of minority groups and majority population.

Finally, I would conclude by simply making a request that UNCF's analysis of the Department of Education's fiscal year 1992 budget be included in the record right after this written testimony. It explains and elaborates on many of the points I have made here this morning, as well as indicating UNCF's views and sums up the administration's Higher Education Act reauthorization recommendation.

It may be of some assistance to the committee.

Mr. Chairman, I thank you so very much for this opportunity.

[The prepared statement of Prezell Robinson follows:]

United Negro College Fund, Inc.

TESTIMONY OF PREZELL R. ROBINSON, Ph.D.
PRESIDENT, ST. AUGUSTINE'S COLLEGE

BEFORE A FIELD HEARING OF THE

HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

HONORABLE DAVID PRICE, PRESIDING

McKIMMON CENTER

RALEIGH, NORTH CAROLINA

JUNE 28, 1991

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE ON POSTSECONDARY EDUCATION, I AM PREZELL R. ROBINSON, PRESIDENT OF St. AUGUSTINE'S COLLEGE IN RALEIGH, NORTH CAROLINA, A MEMBER INSTITUTION OF THE UNITED NEGRO COLLEGE FUND (UNCF). I APPEAR TODAY ON BEHALF OF MYSELF AND THE 41 MEMBER UNCF INSTITUTIONS, OUR PREDOMINANTLY AFRICAN AMERICAN STUDENTS WHO ATTEND OUR PRIVATE, HISTORICALLY BLACK, PRIMARILY LIBERAL ARTS INSTITUTIONS OF HIGHER EDUCATION. AT THE REQUEST OF CONGRESSMAN PRICE, I WILL DISCUSS WITH YOU TITLE IV, STUDENT ASSISTANCE UNDER THE HIGHER EDUCATION ACT AND ITS IMPORTANCE -- NOT ONLY TO THE SURVIVAL AND ENHANCEMENT OF THESE 41 INSTITUTIONS, BUT TO THE EDUCATIONAL ASPIRATIONS OF ALMOST 50,000 STUDENTS WHO ATTEND UNCF COLLEGES AND UNIVERSITIES.

UNCF MEMBER INSTITUTIONS ARE IN A GROWTH MODE, WITH 31 OF OUR 41 MEMBER INSTITUTIONS SHOWING ENROLLMENT INCREASES OF 2 PERCENT OVER FALL 1989 AND UP 16 PERCENT OVER THE PAST FOUR YEARS. OUR MEMBER COLLEGES ENROLLED 49,397 STUDENTS IN SEPTEMBER 1990, INCLUDING STUDENTS FROM 48 OF THE FIFTY STATES, AND 1,504 STUDENTS FROM 30 FOREIGN COUNTRIES AND 339 FROM U.S. POSSESSIONS.

TO GIVE YOU A CAPSULE VIEW OF St. AUGUSTINE'S COLLEGE, WE CURRENTLY ENROLL 1,880 STUDENTS -- THE HIGHEST ENROLLMENT WE HAVE ATTAINED OVER THE PAST FIVE YEARS -- INCLUDING AFRICAN AMERICAN, HISPANIC AMERICAN, WHITE AND FOREIGN STUDENTS -- 1,051 OF WHOM WERE FRESHMAN, 367 OF WHOM WERE SOPHOMORES, 271 WERE JUNIORS AND 136 WERE SENIORS. AMONG OUR STUDENTS, 80 PERCENT CURRENTLY RECEIVE FEDERAL STUDENT ASSISTANCE, BROKEN OUT AS FOLLOWS FOR THE 1988-89 ACADEMIC YEAR:

PROGRAM	No.ofAwards	AMOUNT	Avg.Award
PELL GRANTS	1,239	$2,010,402	$1,622
SEOG	596	$ 780,694	$1,310
CWS	453	$ 564,726	$1,247
STAFFORD LOANS	945	$2,216,893	$2,346
PERKINS LOANS	143	$ 291,129	$2,036

PARENT LOANS FOR UNDERGRADUATE STUDENTS (PLUS) AND SUPPLEMENTAL LOANS FOR STUDENTS (SLS) CONSTITUTE A RELATIVELY INSIGNIFICANT PORTION OF St. AUGUSTINE'S STUDENT FINANCIAL AID PACKAGING PORTFOLIO. ONLY 193 PARENTS OR INDEPENDENT STUDENTS BORROWED IN THE PLUS PROGRAM AND ONLY 11 STUDENTS MADE SLS LOANS IN 1988-89.

AS YOU CAN TELL FROM EVEN A CURSORY EXAMINATION OF THE ABOVE DATA, ST. AUGUSTINE'S COLLEGE STUDENTS ARE VERY DEPENDENT ON TITLE IV AID. SIMILARLY, AN ANALYSIS OF UNCF STUDENTS AS A GROUP WOULD REFLECT THAT 91 PERCENT OF ALL STUDENTS RECEIVED SOME FORM OF FEDERAL AID (IN 1988-89), AND MOST RECEIVED SEVERAL FORMS OF LOAN, GRANT OR WORK ASSISTANCE.

THIS IS DUE IN LARGE MEASURE TO THE FACT THAT OUR STUDENTS COME FROM FAMILIES WITH INCOMES TWO-THIRDS LOWER THAN STUDENTS AT OTHER PRIVATE COLLEGES. THEY DON'T JUST SHOW "NEED" RELATIVE TO THE COST OF EDUCATION -- THEY ARE POOR! A COMPARISON OF DATA FROM THE FALL 1989 AND 1990 COOPERATIVE INSTITUTIONAL RESEARCH PROGRAM (CIRP) ANNUAL FRESHMAN SURVEY IS REVEALING AND WILL ILLUSTRATE MY POINT AND THE BASIS FOR UNCF RECOMMENDATIONS ON THE LOAN - GRANT BALANCE QUESTION. THE MEDIAN ESTIMATED FAMILY INCOME OF STUDENTS ATTENDING PRIVATE BLACK COLLEGES IN THE FALL OF 1989 WAS $31,666 AS CONTRASTED TO $49,729 FOR STUDENTS ATTENDING PRIVATE NONSECTARIAN COLLEGES. IN THE FALL OF 1990, THE COMPARISON WAS $29,598 AND $51,037. ALARMINGLY, WHILE COLLEGE COSTS HAVE RISEN FASTER THAN THE RATE OF INFLATION OVER THE LAST DECADE, IT WOULD APPEAR THAT THE FAMILY INCOME GAP, AS KEVIN PHILLIPS HAS POINTED OUT IN THE POLITICS OF RICH AND POOR -- WEALTH AND THE AMERICAN ELECTORATE IN THE REAGAN AFTERMATH -- IS WIDENING! THE CHART BELOW, BASED ON THE 1989 AND 1990 FRESHMAN CIRP DATA IS ILLUSTRATIVE:

ESTIMATED PARENTAL INCOMES OF ENTERING FRESHMEN
AT PRIVATE HISTORICALLY BLACK COLLEGES AND
UNIVERSITIES AND AT PRIVATE NONSECTARIAN
COLLEGES AND UNIVERSITIES

	Fall 1989		Fall 1990	
	Private Black	Private Nonsect.	Private Black	Private Nonsect.
Estimated Parental Income Range (by percent)				
$100,000 and above	3.4	17.6	3.9	18.9
50,000 -- 99,999	20.9	32.1	18.6	32.2
35,000 -- 49,999	16.2	18.4	15.5	17.7
25,000 -- 34,999	17.5	13.5	17.9	12.7
15,000 -- 24,999	17.8	10.1	18.0	10.1
Below $15,000	24.2	8.3	26.0	8.4

SOURCE: The American Freshman: National Norms for Fall 1989 and 1990, Alexander W. Astin, William S. Korn and Ellyne R. Berz, ACE/UCLA Cooperative Institutional Research Program, p.44.

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THIS INCOME GAP IS EXACERBATED IN TWO WAYS THAT UNCF HOPES THE HOUSE COMMITTEE WILL CONSIDER IN THE FORTHCOMING REAUTHORIZATION OF THE HIGHER EDUCATION ACT.

FIRST, OVER THE MOST RECENT DECADE, THE SHIFT IN THE PROPORTION OF FEDERAL STUDENT ASSISTANCE PROVIDED IN THE FORM OF LOANS AS OPPOSED TO GRANTS SHIFTED DRAMATICALLY. THAT SHIFT IN THE TYPE OF AID PROVIDED TO NEEDY, LOW-INCOME STUDENTS IS DEPRESSING TO THOSE OF US WHOSE INSTITUTIONS SERVE LARGE NUMBERS OF LOW AND MIDDLE INCOME STUDENTS AND WHO WANT TO AVOID PLACING THEM DEEPLY IN DEBT AS SEEK TO ACQUIRE THE MEANS TO BETTER THEMSELVES AND THEIR FAMILIES. THE SHIFT FROM GRANTS TO LOANS, WHICH BEGAN IN 1976 IS DISTURBING. FROM 1970-71 TO 1975-76, GRANT AID INCREASED FROM 66 PERCENT TO 80 PERCENT OF ALL AID AWARDED, WHILE LOAN AID DECLINED FROM 29 PERCENT TO 17 PERCENT. IN THE MID-1970s THAT TREND REVERSED ITSELF, WHEN THE RISE IN GRANT AID PEAKED IN 1976 AND THEN BEGAN A PRECIPITOUS DECLINE TO 48.9 PERCENT IN 1988, WHERE IT HAS REMAINED FAIRLY CONSTANT. LOAN AID NOW TOTALS 49.7 PERCENT OF THE TOTAL AND THE REMAINING 2.6 PERCENT IS COLLEGE WORK STUDY. THE DECLINE IN AVAILABLE GRANT AID -- 8 PERCENT OF ALL UNCF STUDENTS WERE GSL BORROWERS IN 1979-80 COMPARED TO ALMOST 50 PERCENT ARE STAFFORD BORROWERS IN 1987-88 -- HAS MIRRORED A MAJOR INCREASE IN STUDENT BORROWING!

THE DRAMATIC EXPANSION OF STUDENT BORROWING PARALLELS THE INCREASED AVAILABILITY OF STUDENT LOANS, SPURRED IN PART BY THE MIDDLE INCOME STUDENT ASSISTANCE ACT OF 1978, THE 1976 AMENDMENTS TO THE HIGHER EDUCATION ACT INCREASING THE SPECIAL ALLOWANCE PAID TO LENDERS, AND THE GROWTH IN THE NUMBER OF STATE-BASED GUARANTORS PROVIDING GUARANTEES FOR STUDENT LOANS FOLLOWING THE DEMISE OF THE (FEDERALLY INSURED STUDENT LOAN (FISL) PROGRAM. SPIRALING COLLEGE COSTS COUPLED WITH INCREASED LOAN AVAILABILITY HAS CREATED A GENERATION OF COLLEGE STUDENTS/GRADUATES WHO ARE LITTLE MORE THAN INDENTURED SERVANTS! THE OUTSTANDING GSL LOAN VOLUME ROSE FROM $9.9 BILLION IN 1976 TO $21.3 BILLION IN 1980, THEN TO $67.6 BILLION IN 1986 AND EXCEEDED $80 BILLION IN 1988. WHILE I BELIEVE WE CANNOT MINIMIZE THE IMPORTANCE OF STUDENTS REPAYING THEIR LOANS, FAR TOO MUCH ATTENTION IS PAID TO 'LOAN DEFAULT RATES,' AND EXCESSIVE BLAME IS PLACED ON COLLEGES AND UNIVERSITIES THAT ARE SIMPLY TRYING TO EDUCATE STUDENTS, AND NOT ENOUGH TIME OR ATTENTION IS SPENT ADDRESSING THE FEDERAL POLICIES WHICH DRIVE THE UNFORTUNATE RESULTS OF RELYING ON LOANS INSTEAD OF GRANTS AS THE FOUNDATION OF A STUDENT'S FINANCIAL AID PACKAGE.

SECOND, UNCF BELIEVES THAT ATTEMPTS BY THE DEPARTMENT OF EDUCATION TO "RE-TARGET" THE PELL GRANT PROGRAM ON LOW INCOME STUDENTS ACTUALLY FORCES INSTITUTIONS LIKE XAVIER UNIVERSITY AND OUR SISTER UNCF COLLEGES AND UNIVERSITIES TO "ROB PETER TO PAY PAUL." LET ME EXPLAIN.

SIXTY-FIVE PERCENT OF ALL UNCF STUDENTS RECEIVED PELL GRANTS IN 1988-89, ACCOUNTING FOR 27,505 STUDENTS WITH AN AVERAGE AWARD OF $1,645. ONE-THIRD OF ALL UNCF STUDENTS RECEIVE SEOG AWARDS, AVERAGING $995. THESE TWO GRANT PROGRAMS PROVIDED $58 MILLION TO UNCF STUDENTS OUT OF THE $186 MILLION IN FEDERAL STUDENT ASSISTANCE RECEIVED BY UNCF STUDENTS IN 1988-89.

IT IS INTERESTING TO NOTE THE INCOME DISTRIBUTION OF ALL PELL GRANT RECIPIENTS (SEE CHART BELOW) IN ASSESSING THE IMPACT OF THE PROPOSED BUSH ADMINISTRATION PLAN TO CREATE A SUPER PELL GRANT BY RE-TARGETING AID ON THE LOWEST INCOME RECIPIENTS AND THE IMPACT OF INCREASED BORROWING ON LOWER INCOME STUDENTS. SINCE DEFAULTS ARE HIGHEST AMONG "NON-PERSISTERS," GRANTS ARE A PREFERRED OPTION FOR LOWER INCOME, MORE ACADEMICALLY AT-RISK STUDENTS, ESPECIALLY IN THE FIRST TWO YEARS OF STUDY TOWARD THE BACCALAUREATE DEGREE.

Estimated Distribution of All Pell Grant Recipients and Program Cost by Income for 1992-93

Adjusted Gross Income	Recipient Population	% of Total	Program Cost[1]	% of Total	Average Award
0 - $10,000	1,755,337	58	$3,846,348,584	67	$2,191
$10,001 - $15,000	356,388	12	775,351,012	13	2,176
$15,001 - $20,000	319,824	11	522,265,590	9	1,633
$20,001 - $25,000	235,079	8	279,316,618	5	1,188
$25,001 - $30,000	163,927	5	175,536,234	3	1,071
$30,001 +	186,847	6	161,215,947	3	863
Total	3,017,401	100	5,760,033,986	100	1,909

YET, A CASUAL REVIEW OF THE RECENT EXPERIENCE OF UNCF STUDENTS, ESPECIALLY WHEN COUPLED WITH THE FY 1992 BUDGET PROPOSALS TO RESTRICT GRANTS TO POOR STUDENTS AND INCREASE THE AVAILABILITY OF LOANS, DEMONSTRATES THAT CURRENT LOAN DEFAULT TRENDS ARE LIKELY TO BE EXACERBATED. ALTHOUGH ABOUT TWO-THIRDS OF ALL UNDERGRADUATE STUDENTS RECEIVED PELL GRANTS AT UNCF MEMBER COLLEGES DURING 1988-89, THE AMOUNT OF AID DERIVED FROM THIS SOURCE ACCOUNTED FOR ONLY 25 PERCENT OF ALL STUDENT FINANCIAL AID. IN CONTRAST, VARIOUS LOAN PROGRAMS ACCOUNTED FOR NEARLY 40 PERCENT OF STUDENT AID DOLLARS IN 1988-89. THREE-QUARTERS OF THESE LOAN DOLLARS CAME FROM THE STAFFORD LOAN PROGRAM.

SOURCE: Pell Grant Section of the Department of Education FY 1992 Justification of Appropriations for the Committees on Appropriations, Higher Education, Volume II (February 1991), p.L-28.

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[1]/ Total program costs reflects program funds paid directly to students and excludes administrative costs allowances paid to the institutions at a rate of $5 per recipient, which in 1992-93 are estimated to total $15,087,000.

THE POTENTIAL NEGATIVE IMPACT OF THE FY 1992 BUDGET PELL GRANT PROPOSAL IS BEST UNDERSTOOD BY COMPARING THE MEDIAN ESTIMATED FAMILY INCOME OF STUDENTS ATTENDING ALL BLACK PRIVATE COLLEGES IN THE FALL OF 1989 AND 1990 TO THOSE OF OTHER PRIVATE NON-SECTARIAN COLLEGES. IN THE FALL OF 1989, AS THE CHART ON PAGE 2 MAKES CLEAR, THE MEDIAN ESTIMATED FAMILY INCOME OF FRESHMAN STUDENTS ATTENDING PRIVATE BLACK COLLEGES WAS $31,466 COMPARED TO $49,729 FOR STUDENTS ATTENDING PRIVATE NONSECTARIAN COLLEGES. WHILE IN THE FALL OF 1990, THE COMPARISON WAS $29,598 TO $51,837. VIEWED FROM A THIS PERSPECTIVE, THE ADMINISTRATION'S BUDGET PROPOSAL EXACERBATES, RATHER THAN ADDRESSES THE LOAN GRANT IMBALANCE SITUATION BECAUSE IT TAKES MONEY AWAY FROM THE "NEAR POOR" TO GIVE IT TO THE "VERY POOR." THIS WILL UNDOUBTEDLY FORCE THOSE STUDENTS FROM $10-$25,000 FAMILIES TO BORROW TO MAKE UP FOR DIMINISHED PELL GRANT FUNDS. WHILE WE WOULD WELCOME THE $3,700 PELL MAXIMUM -- A LONG OVERDUE INCREASE TO ADDRESS THE EROSION IN THE PURCHASING POWER OF THE PELL GRANT SINCE 1980 -- THE PROPOSED SHIFT IN EMPHASIS WILL DO SIGNIFICANT DAMAGE TO THE HIGHER EDUCATION ASPIRATIONS OF UNCF STUDENTS FROM FAMILIES WITH INCOMES IN THE $15-$25,000 RANGE.

WE BELIEVE A MUCH MORE THOUGHTFUL PROPOSAL, BUT ONE THAT REQUIRES ADDITIONAL REFINEMENTS, IS THE POLICY INITIATIVE ADVANCED BY REPRESENTATIVE BILL FORD OF MICHIGAN, CHAIRMAN OF THE HOUSE EDUCATION AND LABOR COMMITTEE AND ITS SUBCOMMITTEE ON POSTSECONDARY EDUCATION AND SENATOR PAUL SIMON OF ILLINOIS. WHILE UNCF WOULD STRONGLY OPPOSE A HARD AND FAST RULE THAT RESTRICTED GRANT AID TO THE FIRST TWO YEARS OF BACCALAUREATE STUDY, WITH LOANS BEING USED EXCLUSIVELY IN THE LAST TWO YEARS -- WE DO BELIEVE IT WOULD BE ADVANTAGEOUS AND APPROPRIATE FOR OUR STUDENTS TO EMPHASIZE GRANT AID IN THE FRESHMAN AND SOPHOMORE YEARS, AND TO REVERSE THAT EMPHASIS IN THE LATTER TWO YEARS OF BACCALAUREATE DEGREE STUDY.

THIS APPROACH, WE BELIEVE ENCOURAGES COLLEGE ACCESS AND SUCCESS; REDUCES OR ELIMINATES THE NEED FOR ACADEMICALLY "AT-RISK" STUDENTS TO BORROW UNTIL THEY HAVE DEMONSTRATED THEIR ACADEMIC POTENTIAL; AND COULD SIGNIFICANTLY REDUCE THE OVERALL INDEBTEDNESS OF LOWER INCOME STUDENTS.

THE COST OF 'PAYING NOW OR PAYING LATER,' GIVEN THE HISTORICAL SHIFT OF FEDERAL STUDENT AID SPENDING FROM GRANTS TO LOANS -- FROM 80 GRANTS (AND 20 PERCENT LOANS) IN 1976 TO 49 PERCENT GRANTS (AND A SIMILAR AMOUNT IN LOAN AID) IN 1990 -- IS EASILY SEEN WITHIN THE UNCF FAMILY. THE STAFFORD LOAN (FORMERLY GUARANTEED STUDENT LOANS) IS NOW THE LARGEST SINGLE SOURCE OF SUPPORT FOR UNCF STUDENTS, PROVIDING SOME $51 MILLION OR 30 PERCENT OF ALL AID AWARDED IN 1988-89 ACCORDING TO UNCF'S 1990 STATISTICAL REPORT.

THE AVERAGE LOAN AMOUNT WAS $2,067 FOR EACH UNCF STUDENT BORROWER AND SLIGHTLY MORE THAN ONE-HALF OF ALL UNCF STUDENTS DID BORROW! PROJECTED OVER A FOUR-YEAR ACADEMIC CAREER, THE TOTAL INDEBTEDNESS WOULD EQUAL ALMOST $10,000.__/ DURING THE PERIOD 1982-1988, THE NUMBER OF UNCF STUDENTS WHO BORROWED IN THE STAFFORD LOAN PROGRAM NEARLY DOUBLED -- FROM 11,000 IN 1982-83 TO ALMOST 22,000 IN 1988-89. INCREASINGLY, UNCF STUDENTS ARE JOINING THE GROWING NUMBER OF INDENTURED SERVANTS IN THE STAFFORD LOAN PROGRAM AND BECOMING PRISONERS TO THE COLLEGE EDUCATION WHICH WAS PURPOSE TO FREE THEM AND SLAVES TO THE CONCOMITANT INDEBTEDNESS THAT TRAPS STUDENTS THAT COMPLETE COLLEGE. SLAVES TO HIGHER PAYING JOBS AND TRAPPED BY CHOICES IMPOSED ON THEM BY RISING STUDENT DEBT LEVELS AND RISING COLLEGE COSTS.

FOR THOSE STUDENTS WHO DO NOT COMPLETE COLLEGE -- AND MANY DROP OUT AFTER ONLY ONE-YEAR OR ARE DETERMINED TO BE ACADEMICALLY INELIGIBLE AFTER TWO YEARS -- THE FINANCIAL BURDEN OF REPAYMENT, WITHOUT THE BENEFIT OF A COLLEGE DEGREE OR OTHER CREDENTIAL IS OVERWHELMING. HBCU GRADUATES EARN 86 PERCENT MORE THAN AFRICAN AMERICANS WITHOUT A COLLEGE DEGREE!

UNCF STRONGLY SUPPORTS THE CREATION OF A TRUE PELL GRANT ENTITLEMENT AS THE ONLY MEANS FOR REDRESSING THE IMBALANCE BETWEEN LOAN AND GRANTS FUNDS PROVIDED BY THE CONGRESS TO ELIMINATE THE BARRIER TO HIGHER EDUCATION ERECTED BY THE RISING COST OF A COLLEGE EDUCATION AND LIMITED FAMILY FINANCIAL INCOME.

THERE IS NO MORE IMPORTANT ISSUE FACING THIS SUBCOMMITTEE AND THE 102ND CONGRESS THAN WHETHER OR NOT IT WILL, IN FACT, LIVE UP TO ITS TWENTY-FIVE YEAR OLD PLEDGE " Every child must be encouraged to get as much education as he has the ability to take....We want this not only for his sake -- but for the nation;s sake. Nothing matters more to the future of our country: not military preparedness - for armed might is worthless if we lack the brainpower to build a world of peace; not our productive economy - for we cannot sustain growth without trained manpower; not our democratic system of government - for freedom is fragile if citizens are ignorant."__/

__/ 1990 STATISTICAL REPORT, HUGH R. FORDYCE AND ALAN R. KIRSCHNER, UNITED NEGRO COLLEGE FUND, INC. (JANUARY 1991) p. 13.

__/ SPECIAL MESSAGE TO CONGRESS: "TOWARD FULL EDUCATIONAL OPPORTUNITY," January 12, 1965, PUBLIC PAPERS OF THE PRESIDENTS, Lyndon B. Johnson, BOOK I, p. 28.

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ONE FINAL POINT DESERVES MENTIONING. THE DEPARTMENT OF EDUCATION HAS FOCUSED ITS ENTIRE STUDENT LOAN DEFAULT PREVENTION EFFORT ON COLLEGES AND UNIVERSITIES AND PRIVATE CAREER SCHOOLS WITH HIGH DEFAULT RATES. BECAUSE BLACK COLLEGES, COMMUNITY COLLEGES AND URBAN PUBLIC FOUR-YEAR INSTITUTIONS TEND TO COST LESS AND ENROLL THE MOST SIGNIFICANT NUMBERS OF LOW INCOME STUDENTS: (INCLUDING BLACK AMERICANS), STUDENT LOAN DEFAULT PREVENTION SEEMS TO BE TARGETED TOWARD POOR, MINORITY STUDENTS. FOR EXAMPLE, THE FEDERAL GOVERNMENT ENCOURAGES INSTITUTIONS TO EXPAND EDUCATIONAL OPPORTUNITIES FOR LOW INCOME STUDENTS, ESPECIALLY MINORITIES. THIS MEANS TAKING SOME RISKS WITH SOME STUDENTS WHO MAY ENTER AN INSTITUTION WITH ACADEMIC DEFICIENCIES. BECAUSE STUDENT AID IS NOW PRIMARILY LOAN AID RATHER THAN GRANT AID, THE CONSEQUENCE OF STUDENT FAILURE IN AN UNDERTAKING THE GOVERNMENT HAS ENCOURAGED IS A HIGH DEFAULT RATE! THE INSTITUTION IS THEN THE VICTIM OF THE GOVERNMENT'S "ACCESS" POLICY. FURTHER, WHEN DEFAULT RATES ARE INACCURATE AND INCOMPLETE, BUT PUBLISHED BY THE DEPARTMENT OF EDUCATION ANYWAY, LASTING DAMAGE IS DONE TO THE INSTITUTION IN THE LOCAL COMMUNITY.

ALL OF THESE FACTORS, LEAD UNCF MEMBER INSTITUTIONS TO RECOMMEND THE FOLLOWING WITH REGARD TO TITLE IV, STUDENT AID:

* **MAKE THE PELL GRANT PROGRAM A TRUE ENTITLEMENT WITH A $4,400 MAXIMUM AWARD BEGINNING IN FY 1994.** THE BUDGETARY IMPACT OF THIS PROPOSAL MIGHT BE PHASED IN BY APPLYING THE ENTITLEMENT TO FRESHMEN STUDENTS ONLY IN THE FIRST YEAR, THEN ADDING A CLASS OF STUDENTS EACH YEAR THEREAFTER.

* **SIMPLIFY THE FEDERAL STUDENT AID APPLICATION PROCESS.** TWO THINGS COULD BE DONE IMMEDIATELY TO MAKE IT EASIER FOR LOW INCOME STUDENTS TO APPLY FOR AND RECEIVE TITLE IV ASSISTANCE, WHILE PRESERVING THE INTEGRITY OF THE AID PROGRAMS: (1) **PROVIDE A REVISED SIMPLIFIED FEDERAL FORM** FOR FAMILIES WITH INCOMES BELOW $15,000, WITH SIX OR SEVEN DATA ELEMENTS, AND REQUIRE APPLICANTS TO SUBMIT THEIR IRS 1040 OR 1040A FORM OR OTHER EVIDENCE THAT THEY RECEIVE AFDC OR FOOD STAMPS, LIVE IN FEDERALLY-SUBSIDIZED HOUSING, ETC. **(THOSE STUDENTS WITH INCOMES BELOW $10,000 SHOULD RECEIVE THE MAXIMUM AWARD)**; AND (2) REQUIRE STUDENTS APPLYING FOR AID FOR THEIR SOPHOMORE, JUNIOR OR SENIOR YEAR (WHO PREVIOUSLY RECEIVED TITLE IV AID AS FRESHMEN) TO SUPPLY UPDATED INFORMATION ONLY AND THE MOST RECENT PARENTAL/STUDENT TAX RETURN INSTEAD OF A WHOLE NEW APPLICATION.

* REDUCE PAPERWORK BURDENS IN THE FINANCIAL AID PROGRAMS, ESPECIALLY FOR INSTITUTIONS WITH SIGNIFICANT NUMBERS OF AID RECIPIENTS IN THEIR STUDENT POPULATION (I.E. 50% OR GREATER), BY ELIMINATING THE VALIDATION REQUIREMENT FOR THOSE SCHOOLS WITH A THREE-YEAR UNBLEMISHED RECORD OF PERFORMANCE AND NO AUDIT EXCEPTIONS.

* **ELIMINATE THE INCOME CONTINGENT LOAN (ICL) PROGRAM. THIS PROGRAM REPRESENTS A SERIOUS PITFALL FOR LOW INCOME STUDENTS BECAUSE IT APPEARS ATTRACTIVE YET IS LIKELY TO TRAP STUDENTS WITH LESSER EARNINGS GROWTH IN SERIOUS LONG-TERM DEBT. FOR EXAMPLE: A STUDENT WHO BORROWED $13,000 (UNDER THE ICL PROGRAM) WOULD BE REQUIRED TO REPAY OVER $48,000 IN PRINCIPAL AND ACCUMULATED INTEREST (USING THE PROGRAM'S ASSUMPTIONS AS TO INCOME AND PROJECTED MINIMUM PAYMENTS) IF HE OR SHE BEGAN AN EMPLOYMENT CAREER WITH A SALARY OF $10,800.00, OR WOULD BE REQUIRED TO REPAY $25,700 IN PRINCIPAL AND INTEREST OVER TEN YEARS IF THE STARTING SALARY WAS $23,100. IN CONTRAST, THAT SAME STUDENT WOULD PAY BACK ABOUT $18,925 OVER TEN YEARS IN THE STAFFORD LOAN PROGRAM.**

* MERGE THE ICL CONCEPT INTO A TOTALLY CAMPUS-BASED PERKINS LOAN PROGRAM. FEDERAL CAPITAL CONTRIBUTIONS (FCC) FOR THE PERKINS PROGRAM WOULD CEASE AT THE END OF FY 1994 AND CAMPUSES WOULD ADMINISTER THE PROGRAM SOLELY BASED ON EFFECTIVELY COLLECTING FROM STUDENTS WHO HAVE BORROWED FROM THE PROGRAM. INSTITUTIONS MIGHT BE PERMITTED, AT THEIR DISCRETION, TO ALLOW UP TO TEN PERCENT OF THEIR PERKINS LOANS TO BE SUBJECT TO INCOME CONTINGENT REPAYMENT. THE FY 1990 FCC WAS $135,129,000 AND WAS ALLOCATED TO 1,559 INSTITUTIONS, INCLUDING ONLY 15 UNCF INSTITUTIONS. TWENTY-SIX OTHER UNCF INSTITUTIONS DO PARTICIPATE IN THE PERKINS PROGRAM. TUSKEGEE UNIVERSITY AND XAVIER UNIVERSITY, AS WELL AS MOREHOUSE COLLEGE RECEIVE THE BULK OF THE $1.3 MILLION IN FCC MADE AVAILABLE TO UNCF MEMBER COLLEGES THROUGH THE FY 1990 APPROPRIATION. THE TOTAL OUTSTANDING LOAN BALANCE IS $4.9 BILLION.

* **ELIMINATE THE EXCLUSIVE AND ARBITRARY USE OF STUDENT LOAN DEFAULT RATES TO EXCLUDE INSTITUTIONS FROM PARTICIPATION IN TITLE IV PROGRAMS.** UNCF CERTAINLY UNDERSTANDS THE DEPARTMENT'S DESIRE TO REDUCE STUDENT LOAN DEFAULTS. WE SHARE THAT CONCERN. HOWEVER, THE CRITERIA USED TO TARGET INSTITUTIONS FOR SPECIAL ATTENTION OR EXCLUSION FROM THE PROGRAM MUST BE SENSITIVE TO THE MISSION AND PURPOSE OF AN INSTITUTION, AS WELL AS THE INSTITUTION'S ROLE IN CREATING AND SOLVING THE LOAN DEFAULT PROBLEM.

I WOULD LIKE TO REQUEST THAT UNCF'S ANALYSIS OF THE DEPARTMENT OF EDUCATION'S FY 1992 BUDGET BE INCLUDED IN THE RECORD RIGHT AFTER MY WRITTEN TESTIMONY. IT EXPLAINS AND ELABORATES ON MANY OF THE POINTS I HAVE MADE HERE THIS MORNING, AS WELL AS INDICATING UNCF'S VIEWS ON SOME OF THE ADMINISTRATION'S HIGHER EDUCATION ACT REAUTHORIZATION RECOMMENDATIONS, AND IT MAY BE OF SOME ASSISTANCE TO THE COMMITTEE.

THAT CONCLUDES MY FORMAL TESTIMONY. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

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United Negro College Fund, Inc

ANALYSIS OF THE FY 1992 DEPARTMENT OF EDUCATION BUDGET

On February 4, 1991 the Department of Education released its portion of the President's FY 1992 Budget. In proposing this budget, the Bush Administration has again fallen far short of its attempt to help President Bush realize his goal of the coming the "Education President." It is important to understand that in proposing this FY 1992 Education Budget, the Department has revealed an outline of the reforms and recommendations it intends to make to the Congress in the upcoming reauthorization of the Higher Education Act. Therefore, in reviewing the postsecondary portion of the budget, which is attached, it is critical to understand that almost all of these budgetary recommendations are tied to legislative changes and that those changes will not be acted upon, if at all, until early 1992. In addition, without appropriations many cannot be implemented until the FY 1993 budget/appropriations cycle at the earliest.

In preparing this analysis, UNCF Washington staff have utilized some of the data gathered in UNCF's 1990 Statistical Report, The American Freshman: National Norms for Fall 1990, Student Aid and the Cost of Postsecondary Education (CBO), and we have solicited specific information from ten UNCF member institutions which are representative of the 41 member colleges. We hope that by using the information from the sample institutions you will be able to get a clearer idea of how these proposals may impact students at your college, or you may simply wish to use our method of analysis to guide the development of your own institutional analysis. We arbitrarily selected Bennett College, Clark Atlanta University, Morehouse College, Florida Memorial College, Knoxville College, Rust College, Talledega College, Tuskegee University and Xavier University as points of comparison. We asked each institution to provide a uniform set of data, if possible, as follows:

* students enrolled receiving student aid;

* students enrolled receiving Pell Grants, SEOG, College Work Study, and Perkins Loans;

* numbers of students and amount of Pell Grant dollars who come from families whose family income exceeds $15,000;

* number of students receiving SEOGs and amount of dollars received in AY 1990-91;

* number of students engaged in CWS and amount of work study aid awarded in AY 1990-91; and

* is the institution eligible for and receiving a Perkins Loan FCC allocation, if yes, how many Perkins loans were made last year from the awarded dollars?

Here are the highlights of the FY 1992 Budget released by the Department of Education on Tuesday, February 4, 1991:

1. Re-target the Pell Grant program through changes in the taxation rates on discretionary income that will result in reduced grants for students from families with incomes above $10,000 in order to pay for a $1,300 increase in the maximum grant from the current $2,400 to $3,700 (the over-all Pell Grant appropriation would rise $401 million from $5,374 to $5,775 billion). The Pell minimum would be raised to $400, eliminating a substantial number of small Pell Grant recipients. Approximately 400,000 Pell grants going to "near poor" students will be re-directed to lower income students.

2. Reductions in funding for all of the campus-based programs to help pay for the higher Pell maximum award, i.e. Supplemental Educational Opportunity Grants (SEOG) would be reduced from $520 million to $347 million, College Work Study (CWS) would be reduced from $595 to $397 million, and the capital contribution for the Perkins Loan program would not be continued (funding is requested only for loan cancellations). The "institutional matching" requirement for CWS and SEOG would be raised form 15 to 50 percent. There is no FY 1992 funding request for the State Student Incentive Grant (SSIG) program.

3. Recommendation for the creation of a Presidential Achievement Scholarship funded at $170 million for Pell Grant recipients who finish in the top ten parcent of their high school class (or "score high on nationally standardized tests") and who maintain a B average in college. Although it is not a direct offset, it is apparent that the $170 million would be available to regular Pell recipients were it not setaside for merit Pell recipients, i.e. more than 150,000 fewer Pell awards will be made as a result of this new merit initiative if it were enacted into law!

4. The Department's request for the Guaranteed Student Loan program reflects expected declines in T-Bill rates and subsequent savings in the interest subsidy paid to lenders while the student is in school. The Department does project a $300 million increase in loan default costs over FY 1991 from $2.4 to $2.7 billion. Several default prevention initiatives are intended to help reduce defaults and federal default costs: (a) eliminate eligibility for courses under 600 clock hours; (b) require lenders to perform credit checks on student applicants 21 years or older; (d) extend delayed disbursement to sixty days from the first day of classes for students at schools with default rates exceeding thirty (30) per cent; (d) require lenders to provide graduated repayment options to borrowers; and (e) authorize guaranty agencies to garnish the defaulter's wages, repeal the statute of limitations for the collection of defaulted loans, and require student borrowers to provide certain location information, e.g. driver's license number.

Legislatively, the Department is also recommending increases in the annual Stafford Loan limits -- from $2,625 to $3,500 for first-year undergraduates, from $4-$5,000 for third, fourth and fifth year undergraduates and increasing Supplemental Loans for Students (SLS) loan limits for undergraduates from $4-$6,000 and for graduate students from $4-$10,000. The Stafford Loan limits for graduate students and the loan limit for first year students in the SLS program would not change.

5. Establish a series of new requirements for student eligibility and institutional participation intended to restore integrity to the Title IV programs, including: (a) students must be ranked in the top 90% of their class to maintain eligibility for Title IV aid; (b) authorize a new independent student definition requiring a student to be 26 years of age or demonstrate enough income flow to demonstrate self-sufficiency; (c) all Title IV institutional participants must have a pro rata tuition refund policy; (d) the payment of commissions, bonuses or other incentives based solely on enrollment, or student aid volume to persons engaged in recruitment or admissions activity would be prohibited; and (e) the OBRA 1990 provisions eliminating students from schools with high default rates in GSL (30%) would be extended to all Title IV programs.

6. Create a single needs analysis system for all Title IV programs and a minimum student contribution expectation that would vary according to family income would be authorized in the Higher Education Act. The details as to how a "single needs analysis system" can be implemented without making Pell an entitlement are not yet available.

7. The TRIO (Special Program for Disadvantaged Students) request represents a $51.5 million increase above FY 1991, from $343.6 to $395.1 million. Program consolidation is again requested (Upward Bound, Talent Search and Educational Opportunity Centers along with the Title XI College and University Outreach programs would be combined) and a new McNair Graduate Outreach program is recommended. The new McNair Graduate Education Outreach program would combine the Title IX, Part A Minority Participation in Graduate Education program and the existing McNair Post-Baccalaureate Achievement Program.

In separate legislation, the President has requested that the entire TRIO program be included in the $15 billion package to be returned to the states in the form of a "block grant." The proposal, which was not well-received on Capitol Hill, also includes the HUD Community Development Block Grant (CDBG), HHS's Low-income Home Energy Assistance Program (LIHEAP) and SSIG. The new block grant -- to be controlled by the Governors --incorporates numerous direct grant programs to the cities and in the case of TRIO, to institutions of higher education, thus by-passing current grant recipients and substituting the States.

8. The request for Parts A and B of the Title III program is identical to the FY 1991 amount. The Part B Historically Black Colleges and Universities Act ($87 million), the section 326 historically black graduate and professional schools ($11.7 million) and the regular Part A program ($87 million) would receive the same amount of funding under the President's proposal as last year. The President's budget does renew his request for a "setaside" for HBCUs in the Endowment/Challenge Grant program, although no budget request for funding the "setaside" is reflected in this budget and he is seeking only $7.5 million in Title III funds for the current Part C endowment program -- a reduction of $10 million. The only other legislative change recommended for Title III is to eliminate the community college and minority college setasides in Part A.

Although Howard University does not participate in Title III, the President did request a $5 million reduction in federal support for Howard -- seeking $190.9 in FY 1992 instead of the $195.2 million provided by Congress in FY 1991. The reduction is associated with a one-time request for contraction funding.

Some Political Thoughts and Philosophical Concerns

Several themes appear to run through the various proposals advanced as the Department of Education's FY 1992 budget. First, it appears focused on spending a reduced amount of money on education at the federal level -- despite the President's stated claim and desire to be the "Education President." Given 8% inflation, status quo funding and modest dollar increases actually represent reductions in Federal support. To say it differently, this could be characterized as OMB's budget, rather than the Education' Department's budget. Time will tell whether or not Secretary-designate Alexander can seize the mantle of leadership and move forward aggressively to fight education's battles both internally and externally. The Secretary is scheduled to testify on March 5th before the Senate Subcommittee on Education Arts, and Humanities on his Higher Education Act recommendations. He will have the opportunity to spell out the details and put his on "mark" on the Bush Administration's Higher Education Act proposals. Second, the budget is largely a "status quo" budget. Recognizing the need to balance their "reform" ideas with a dose of political sanity, the FY 1992 budget proposals maintain all of the major programs and fund them at respectable levels. The budget does not obliterate, even though it does reduce funding for several major programs, e.g. SEOG and CWS. Although it does recommend some 'tinkering at the edges' of several programs, e.g. the proposed "re-targeting" of the Pell Grant on the neediest students (very un-Republican) coupled with a Pell Grant maximum increase, and significant GSL loan limit increases for all except first-time SLS undergraduate borrowers and all graduate student borrowers in GSL, most of the Title IV programs are kept in tact and not materially changed. Interestingly, the new direct lending program floated in

The New York Times on January 7 and The Wall Street Journal and The Washington Post the following day is both dismissed as too costly and resurrected as something still under consideration.

Equally important, the budget does not attack any of the Congress' sacred cows and thus run the risk of offending key Congressional leaders who are preparing optimistically for reauthorization of the Higher Education Act. At a time when key congressional actors speak openly of expanding student grants for middle income students, making the Pell Grant an entitlement as a means of reducing loan defaults, and "front-loading" grant aid, __/ many of the President's legislative recommendations are likely to experience rough sledding during the upcoming reauthorization process. Nevertheless, this budget will not be DOA, like many of its Reagan Administration counterparts in the 1980s.

The Pell Grant increase -- raising the maximum to $3,700 for the poorest students -- will be warmly received and is likely to open the door for a dramatic increase in the Pell maximum during the reauthorization debate. Likely to be rejected, however, will be the elimination of those families with $10,000-$25,000 incomes, whose siblings receive very small Pell Grants to attend four-year public and private institutions. It is the middle income families -- $15-$35,000 that Chairman Bill Ford and Senator Claiborne Pell are specifically interested in helping in the upcoming reauthorization by assuring their eligibility for a Pell Grant of $500 or more -- that will be aggrieved by the Bush Administration proposal. The politics of the inclusion or exclusion of more middle income students are critical to the survival and expansion of the Pell Grant program (from Ford's perspective and that of others familiar with the politics of the program).

This is quite understandable, when viewed from a white, middle class, male income perspective --

* white male bread-winner median inflation-adjusted income fell 22 percent between 1976 and 1984,

* white and blue collar worker's real average weekly wages -- calculated in constant 1977 dollars -- fell from $191.41 per week in 1972 to $171.07 per week in 1986,

* the median real earnings of men between the ages of 25 to 34, measured in constant 1985 dollars, were $10.17 an hour in 1973, $9.70 an hour in 1980 and $8.85 an hour in 1987; while for men of all ages the figures were $9.90 in 1973, $9.37 in 1980 and $8.62 in 1987, or

__/ "Hill Chairman Wants to Reshape Student Aid," The Washington Post, Kenneth J. Cooper, February 4,1991, A-9.

as Frank Levy recently observed, "..back in the early 1970s, the average guy with a high school diploma was making $24,000 in today's dollars. Today a similar guy is making about $18,000."__/

1992 Presidential Politics and Higher Education Act Reauthorization

It is the quintessential blue collar worker, "Joe Six-pack" who is married, lives in suburban Detroit or Chicago who is threatened by today's recessionist economy and the possibility of losing his job. He is very concerned about the fact that he seems not to qualify for any help in sending his son or daughter to college. He blames his plight on the government for designing complex forms he cannot fill out and if he does, he doesn't get any help for his dependent son/daughter anyway. Even more critical is the fact that he blames black, latino and other minority groups for his plight when he finds out that they qualify for aid because they are "minorities" or because they are low income. Viewed cynically, the Bush Administration proposal to "re-target" Pell Grants on the neediest students fits perfectly with the 'Willie Horton politics' successfully practiced by President Bush in the 1988 presidential campaign and likely to be repeated in 1992. __/ In fact, The Washington Post speculated in an article on February 5th by Walter Pincus about the growth in certain offices and funding requests for certain programs being directly connected to the 1992 presidential campaign. "The mood and direction of a president and his government, characterized by which office gets more money and whose programs are cut, are frequently found in small print deep in the budget."__/ Although increased expenditures have been proposed for domestic policy formulation, very few dollars found there way into domestic programs for spending. Head Start, which received a $100 million increase -- $86 million of which is consumed by inflation -- was the only big winner.

However, if more middle income blacks and whites are denied student aid (in favor of larger grants for the poor), and they blame the Democratically-controlled Congress, they may flock to the Republican party just in time for the 1992 elections!

__/ The Politics of Rich and Poor, Kevin Phillips, pp.17-19, see also "The Next Priority," Inc., May 1989 p. 28.

__/ " Quotas: Tempting Issue for the GOP in '92", The Washington Post, Thomas B. Edsall, January 15, 1991, A-1,A-4.

__/ "Fine Print Signals Course Bush Government Will Take Into Election Season," The Washington Post, February 5, 1991, A-6.

Student Loan Defaults: The Grants Versus Loans Debate

Perhaps even more puzzling than the Department's failure to forge a bolder stroke in the loan vs. grant debate is the Budget's failure to deal more forthrightly with student loan defaults. The dramatic growth in student loan default costs, over the past five fiscal years in particular, has attracted enormous rhetoric from the Reagan-Bush Administrations, but little in concrete terms to stem the tide of defaulted loans.

The FY 1992 budget is no exception since it simultaneously suggests several piecemeal proposals oriented toward restraining the growth of defaults, e.g. a 600 clock hour minimum for program eligibility, elimination of eligibility for correspondence and all foreign schools, a credit check requirement for all student borrowers 21 years or older, and extension of the delayed disbursement in OBRA 1990, while raising the GSL loan limits which permit students to borrow ever-increasing amounts of money and thereby triggering larger loan defaults. Table I chronicles the dynamic growth in federal loan default payments over the past decade, while Table II illustrates the rise in student loans and loan defaults.

The recent CBO study, Student Aid and the Cost of Postsecondary Education confirms again the importance of the type of aid provided and how it influences both access and choice of postsecondary institution. Using 1987 NPSAS (National Postsecondary Student Aid Study) data, CBO found that the proportion of students receiving grant increased as the student's family income decreased and as the cost of attendance increased. This close relationship between family income and receipt of grants, than to the receipt of any other type of aid, further underscores the importance of grants to facilitating access and the achievement of the Federal equal opportunity goal. Equally interesting was the fact that:

> "Receipt of loans contrasted with receipt of grants in several ways. Overall, a smaller proportion of students got loan (31 percent) that grants (46 percent), although some students received both. Moreover, a smaller portion of students received loans that grants at every category of family income and cost of attendance (type of institution) except for proprietary students whose family income was over $17,000. In addition, students were relatively more likely to receive loans as cost of attendance increased that as family income declined. This pattern suggests that loans were relatively more important in expanding choice among institutions than in ensuring access to postsecondary education. (emphasis supplied). _/

_/ Student Aid and The Cost of Postsecondary Education, Jay Noell, Congressional Budget Office, U. S. Congress (January 1991), pp.37-38.

These findings are likely to add more fuel to the existing firestorm urging a more balanced approached to federal student aid packaging and the need to restore the lost purchasing power of the Pell Grant by significantly increasing the maximum award and creating a Pell entitlement. CBOs findings are particularly compelling when viewed in light of the fact that about 57 percent of all full-time, dependent undergraduates received aid in the Fall of 1986 -- 41 percent got Federal aid, 21 percent received State aid, and 26 percent received institutional support. The average award for these students was $3,600 -- ranging from an average of $7,600 to the lowest income student at the highest cost institution to an average of $1,000 to the relatively few highest income students attending the lowest cost schools.

Rather than recognizing the relationship between family income, the need to award grants to low income students to achieve "access," the FY 1992 Budget appears to recognize it only in part, then to exacerbate the tendency of low income students to default by permitting them to borrow more in order to facilitate "choice."

Seriously harmed by the Administration's twin proposals -- to restrict Pell access for families with incomes from $10 -$25,000 while increasing the ease with which these same students can borrow -- are many UNCF college students. Some significant numbers may benefit from the increased Pell Grant maximum, but others will certainly suffer if students above the $10,000 family income level are screened out of Pell eligibility by higher taxation rates on discretionary income. Equally confusing is why -- given the proclivity of low income, educationally at-risk students to drop out or fail in college -- the Administration would continue to insist on using a loan-based aid package to finance "access" for low and middle income students.

At the same time, we are assessing the impact of the proposed shift or "re-targeting" of Pell Grant funds from poor students to very poor students, we should also review the concomitant impact of reduced SEOG funding and the increased matching requirement. Additionally, Robert Pear in a February 10 New York Times article says $498 million in SEOG funds will be transferred to the States as part of the block grant. __/ In many instances, the only real source of institutional matching funds at UNCF colleges would be the College Fund's allocation to each institution under the formula (which is frequently used for scholarships to needy students). Nationally, there will be $173.2 million fewer SEOG dollars, but the number of awards would increase from 835 in FY 1990 to 898 in FY 1991 due to the increased "matching" requirement.

__/ "Washington's Plan To Funnel City Aid Through The States Enrages the Mayors," New York Times, Robert Pear, E-1. It appears that the reference to SEOG in the New York Times article should have been to SSIG.

Assuming, however, a 33 percent reduction in the SEOG allocation to each institution and an average award of $995, the ten UNCF institutions listed in the chart on page 13 would receive $2,727,298.69 fewer dollars and collectively make 1770 fewer SEOG awards (if they do not provide the increased institutional "match." (see Table IV). This calculation would, of course, change dramatically if we assumed each school could meet the increased 50 percent matching requirement.

It is important to note that despite changes made in the 1986 Amendments to the Higher Education Act requiring the SEOGs be awarded to students demonstrating "exceptional need" and that preference in awarding these funds go to Pell Grant recipients -- the percentage of SEOG funds awarded to dependent students in the $30,000-plus category remained constant (at 19 percent) for the two year period following enactment of the new requirements (See Table V). "In 1988-89, almost 54 percent of Pell Grant recipients had incomes below $9,000, yet only 18 percent of SEOG recipients had incomes below $12,000."__/

The cost of 'paying now or paying later,' given the historical shift of federal grant spending to loans for low income students, is easily seen within the UNCF family. The Stafford Loan (formerly Guaranteed Student Loans) is now the largest single source of support for UNCF students, providing some $51 million or 30 percent of all aid awarded in 1988-89 according to the 1990 Statistical Report. The average loan amount was $2,367 for each UNCF Student borrower and slightly more than one-half of all UNCF students did borrow! Projected over a four-year academic career, the total indebtedness would equal almost $10,000.__/ For those students who do not complete college, and many drop out after only one-year or are determined to be academically ineligible after two years -- the financial burden of repayment, without the benefit of a college degree or other credential is overwhelming.

Sixty-five percent of all UNCF students received Pell Grants in 1988-89, accounting for 27,505 students with an average award of $1,645. One-third of all UNCF students receive SEOG awards, averaging $995. These two grant programs provided $58 million to UNCF students out of the $186 million in Federal student assistance received by UNCF students in 1988-89.

__/ See Supplemental Educational Opportunity Grant section of the Department of Education FY 1992 Justification of Appropriations for Committees on Appropriations, Higher Education, Vol. II (February 1991), p. L-31.

__/ 1990 Statistical Report, Hugh R. Fordyce and Alan R. Kirschner, United Negro College Fund, Inc. (January 1991) at 13.

It is interesting to note the income distribution of all Pell Grant recipients (See Chart Below) in assessing the impact of the proposed Bush Administration plan to create a Super Pell Grant by re-targeting aid on the lowest income recipients and the impact of increased borrowing on lower income students. Since defaults are highest among "non-persisters," grants are a preferred option for lower income, more academically at-risk students, especially in the first two years of study toward the baccalaureate degree.

Estimated Distribution of All Pell Grant Recipients and Program Cost by Income for 1992-93

Adjusted Gross Income	Recipient Population	% of Total	Program Cost[1]	% of Total	Average Award
0 - $10,000	1,755,337	58	$3,846,348,584	67	$2,191
$10,001 - $15,000	356,388	12	775,351,012	13	2,176
$15,001 - $20,000	319,824	11	522,265,590	9	1,633
$20,001 - $25,000	235,079	8	279,316,618	5	1,188
$25,001 - $30,000	163,927	5	175,536,234	3	1,071
$30,001 +	186,847	6	161,215,947	3	863
Total	3,017,401	100	5,760,033,986	100	1,909

Yet, a casual review of the recent experience of UNCF students, especially when coupled with the FY 1992 budget proposals to restrict grants to poor students and increase the availability of loans, demonstrates that current loan default trends are likely to be exacerbated. Although about two-thirds of all undergraduate students received Pell Grants at UNCF member colleges during 1988-89, the amount of aid derived from this source accounted for only 25 percent of all student financial aid. In contrast, various loan programs accounted for nearly 40 percent of student aid dollars in 1988-89. Three-quarters of these loan dollars came from the Stafford loan program.

The potential negative impact of the FY 1992 Budget Pell Grant proposal is best understood by comparing the median estimated family income of students attending all black private colleges in the Fall of 1989 and 1990 to those of other private non-sectarian colleges. In the Fall of 1989, as the chart below makes clear, the median estimated family income of freshman students attending private black colleges was $31,466 compared to $49,729 for students attending private nonsectarian colleges, while in the Fall of 1990, the comparison was $29,598 to $51,037.

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[1]/ Total program costs reflects program funds paid directly to students and excludes administrative costs allowances paid to the institutions at a rate of $5 per recipient, which in 1992-93 are estimated to total $15,087,000.

While 24 percent of private black college students in 1989, came from families with incomes below $15,000, 18 percent came from families with incomes in the $15,000-$24,999 range. In 1990, the comparison was 26 percent of all private black college students came from families in the below $15,000 range, while 18 percent were in the $15,000 to $24,999 range. The Cooperative Institutional Research Program (CIRP) freshman data makes it clear that accepting the Department's Pell Grant proposal would be like "robbing Peter to pay Paul" for UNCF member institutions. The data is clear -- while more than three times as many students in private black colleges come from families where the income is less than $15,000, these colleges also serve a very significant number of students in the $15,000-$25,000 range as well. Shifting student grants from the near poor to the very poor is like cutting off your nose to spite your face.

ESTIMATED PARENTAL INCOMES OF ENTERING FRESHMAN

Estimated Parental Income Level	Fall 1989	Fall 1990
$100,000-Above	3	3.9
$50,000-99,999	21	18.6
$5,000-49,999	16	15.5
$25,000-34,999	18	17.9
$15,000-24,999	18	18.0
Below $15,000	24	26.0 --/

It is clear that the situation, in terms of family income is getting worse not better for the students served by UNCF institutions. It is no wonder, as Kevin Phillips, author of The Politics of Rich and Poor -- Wealth and the American Electorate in the Reagan Aftermath, found the enormous concentration of wealth in the United States in the 1980s -- most of it in the hands of the top 1 percent of Americans --

--/ THE AMERICAN FRESHMAN: NATIONAL NORMS FOR FALL 1990, Alexander W. Astin, William S. Korn, and Ellyne R. Berz, ACE/UCLA Cooperative Institutional Research Program, p.44 (December 1990) and THE AMERICAN FRESHMAN: NATIONAL NORMS FOR FALL 1989, Alexander W. Astin, William S. Korn, and Ellyne R. Berz, ACE/UCLA Cooperative Institutional Research Program, p.44 (December 1989).

"The party of the little man and of progressive tax rates agreed to reduce top individual tax rates for millionaires from 70 percent to 28 percent while establishing a higher special marginal "bubble" rate of between 28 percent and 33 percent for the one-fifth of American households and single taxpayers with incomes in the $45,000 to $150,000 range. In accepting these reforms Democrats not only voted for top rates contrary to their political traditions but lost the right to criticize tax policy as a source of both towering deficits and a concentration of wealth in which the top 1 percent of Americans after-tax share of U.S. income rose from 7 percent to a projected 11 percent in 1990. "

The increasing concentration of wealth in the hands of a few wealthy Americans due to lower tax rates on the wealthy mandated by the Tax Reform Act of 1986 -- who have a substantially reduced obligation to pay taxes to support Pell Grants and other human service programs such as Head Start and Compensatory Education for Low Income Students -- deprives the Federal government of needed tax resources to support these federal programs. A collateral effect of the collapsing of the middle class is to compel low and middle income students to compete for a slice of the limited federal student aid pie, and for whites and minorities to fight among themselves, rather than to focus on the bigger picture, i.e. insufficient appropriations to fund grant programs.

Insufficient federal resources forces the Federal government to borrow to support itself, limiting further its capacity to provide funding for discretionary domestic programs. Next year, according to projections, interest on the national debt will the largest single category of expenditure in the Federal Budget ($1 out of every $5 the Federal government spends will go for interest on the national debt, or 40% of all personal income tax receipts!).__/

More recent enrollment data from selected UNCF institutions underscores the importance of obtaining both a higher Pell Grant maximum for all eligible students and a Pell entitlement:

__/ "The Deficit Dilemmas -- Shortfalls Are Taxing the Ability of Government to Be Innovative," The Washington Post, Steven Mufson, February 3, 1991, H-1.

STUDENT AID, BY PROGRAM 1989-90

	Pell	SEOG	CWS	Perkins
BENNETT COLLEGE	442,391	99,895	127,043	59,478*
CLARK ATLANTA U.	1,896,146	457,252	363,943	0
FLORIDA MEMORIAL	2,617,515	214,488	300,094	0
KNOXVILLE COLLEGE	2,000,000	250,000	180,000	0
MOREHOUSE COLLEGE	1,235,166	396,137	574,405	37,183
RUST COLLEGE	1,200,000	411,000	447,000	32,000*
TALLADEGA COLLEGE	702,040	286,439	146,610	0
TUSKEGEE UNIVERSITY	2,621,692	1,029,300	909,985	681,930
VOORHEES COLLEGE	867,767	404,926	246,489	117,789
XAVIER UNIVERSITY	2,518,057	521,158	874,951	65,685

NOTE: The asterisk (*) notes schools which recycled previously loaned Perkins (NDSL) funds, but did not receive a Perkins allocation from the Federal Capital Contribution appropriated by Congress. Elimination of the FCC, as proposed in the FY 1992 budget would not result in a loss of funds to those schools bearing an asterisk.

Using the most recent percentages from the CIRP study of entering Freshman in 1990, we have estimated the impact of the Bush Administration's proposal on these ten UNCF institutions. While there is no way to be certain that these averages actually are present on these individual campuses, they serve as a fair barometer for these and other UNCF campuses. More exact computations can be obtained by simply breaking out the Pell recipients on your campus by family income. Under the FY 1992 budget, almost all Pell recipients from families with incomes above $10,000 will have their grants reduced or eliminated and students from a family with a family income between $10-$15,000 will receive smaller awards. Although the minimum grant will be higher, this is being accomplished by simply eliminating the smaller awards!

The analysis demonstrates the shift of Pell Grant funds from the $15,000-$25,000 category to the $0-$10,000 is more dramatic at UNCF institutions because they enroll more "poor" as opposed to "needy" students. Department of Education projections show a national shift of $578 million from poor ($15-$25,000) students to very poor ($0-$10,000) students. The impact at UNCF institutions is greater both because we have a larger number of very poor students, and significant numbers of poor students. That is evident from the CIRP composite comparison of private HBCUs and Non-sectarian four-year privates. There is, however, a surreptitious factor here that has gone largely unnoticed, but we have verified through conversations with departmental and OMB personnel.

A significant portion of the "savings" assumed in the Pell Grant program -- which have been used to finance the shift in funding and the increase in the maximum grant from $2400 to $3700 -- is the elimination of the bottom ten percent of each institution's Pell Grant recipients. This ten percent reduction at every institution is arbitrary since it is imposed irrespective of the grades accumulated by the affected students, since aid denial is relative to the academic achievement of other Pell recipients at the particular institutions. Students with low B or high C averages could be excluded at an institution with 90 percent of their Pell recipients receiving As and B+s!

As UNCF presidents look toward reauthorization, each must be mindful, as well, of any attempt to increase middle income access without guaranteeing aid for low income students. A Pell Grant entitlement is therefore essential to both assuring access and then preserving choice for all students, especially those who may be the last to decide to attend college.

Most UNCF presidents whose institutions were adversely affected in the early 1980s will easily recall that the implementation of the Middle Income Student Assistance Act (MISSA) brought many middle income students under the Pell Grant tent at the expense of later applying, late enrolling minority and low income students who often reluctantly and belatedly decide to attend college.

The NPSAS data again reinforces the widely held perception that middle income students do fair fairly well in their receipt of federal student aid and that some re-targeting, especially in the Pell Grant and SEOG programs is needed. DePauw University, for example, awarded SEOG funds to a student with $47,000 in family income according to its most recent FISAP report. This "shift" in aid away from the poor to those who show need has been documented by Tom Mortenson.__/ NPSAS shows that "full time, dependent students from families earning from $17,000 to $50,000 got the largest aggregate amount of federal aid" (see Table III). Viewed from the perspective of type of institution, students attending four-year private institutions received the bulk of federal student aid, followed by those students attending four-year public, proprietary, and two-year community and junior colleges.

__/ "The Reallocation of Financial Aid From Poor to Middle Income and Affluent Students 1978-1990," Thomas G. Mortenson, ACT Student Financial Aid Research Report Series 90-2 (May 1990). See also "Student Aid -- Is it Working Like It Is Supposed To?," CHANGE Magazine, Carol Francis, July/August 1990 and Table VI.

In the process of securing our legislative priorities for the nation's private historically black colleges and universities, we must also secure America's future -- we cannot survive as the largest debtor nation in the world.

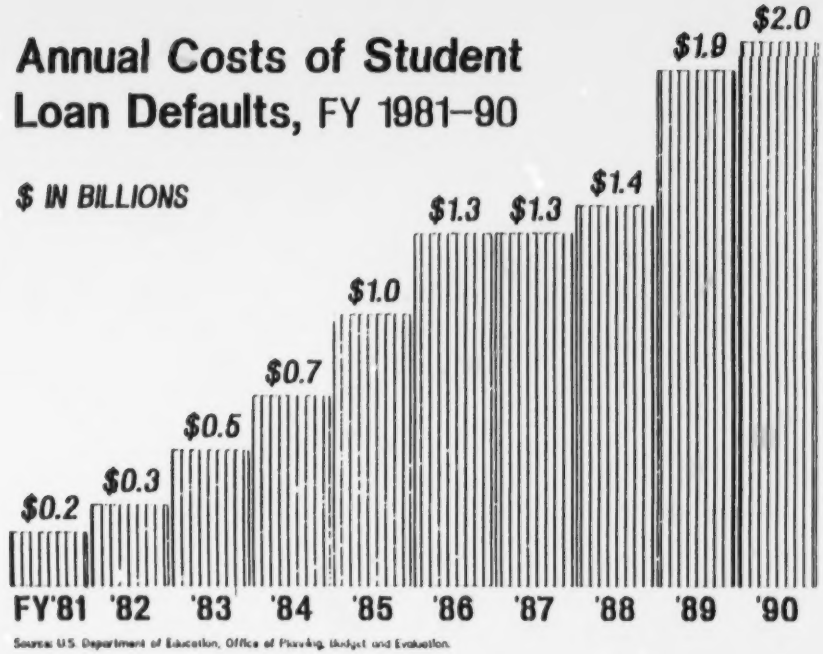
Let us examine carefully the future we face and the one we prepare for the graduates of the 41 member institutions of the United Negro College Fund. UNCF must become the principal advocate for the Pell Grant entitlement concept. UNCF students have the most to gain because "access" will be enhanced and loan burdens will be reduced. Additionally, African American and other minority students at all institutions of higher education, will benefit from a higher Pell Grant award and the "guaranteed" nature of the commitment to equal access to higher education.

Success in the legislative process will not come easily. There is division in the ranks of the higher education community, i.e. privates vs. publics, NAICU vs. the proprietaries, etc. and even division within the black college ranks on a variety of issues. These "problems" must be overcome, and they can be overcome, if we coalesce behind a common goal -- enacting a Pell Grant entitlement. Whatever our differences, they pale in comparison to our similarities and shared agenda. Presently, we are our own worst enemy because the divisiveness prevents us from building an effective political coalition to forge the adoption of our agenda, even though "education" is at a high point on the national agenda and we have a President who calls himself "The Education President" and is committed to UNCF institutions.

This reauthorization of the Higher Education Act could be the most critical in our Nation's history, yet it could be remembered as only a missed opportunity. The human resources demands of our Nation are immense when compared to both the workforce demands of the Year 2000 and beyond, as well as our technological and clerical needs in order to remain internationally competitive. Education and training may also be the only way we can avoid exacerbating the current/increasing tension between the "haves" and the "have-nots" in American Society.__/

__/ The Bureau of Labor Statistics projects that by 1995, America's economy will require 500,000 additional engineers, 700,000 medical workers, 300,000 teachers, 2.5 million managers, 2.2 million sales workers, 2.5 million craft and construction workers, 647,000 mechanics, repairers and installers, and more than three million high and low-skilled service workers. The High-flex Society - Shaping America's Economic Future, Pat Choate and J.K. Linger, Alfred A. Knopf, c.1986, p. 197. See also Jobs For The Nation: Challenges For A Society Based on Work, Anthony Patrick Carnevale, American Society for Training and Education, c. 1985, pp.141-164 and Workforce 2000 - Workers and Workers for the 21st Century, William B. Johnston and Arnold E. Packer, The Hudson Institute (June 1987), pp. 75-95. 400/92BLDAN

TABLE 1.



Source: U.S. Department of Education, Office of Planning, Budget and Evaluation.

TABLE II.

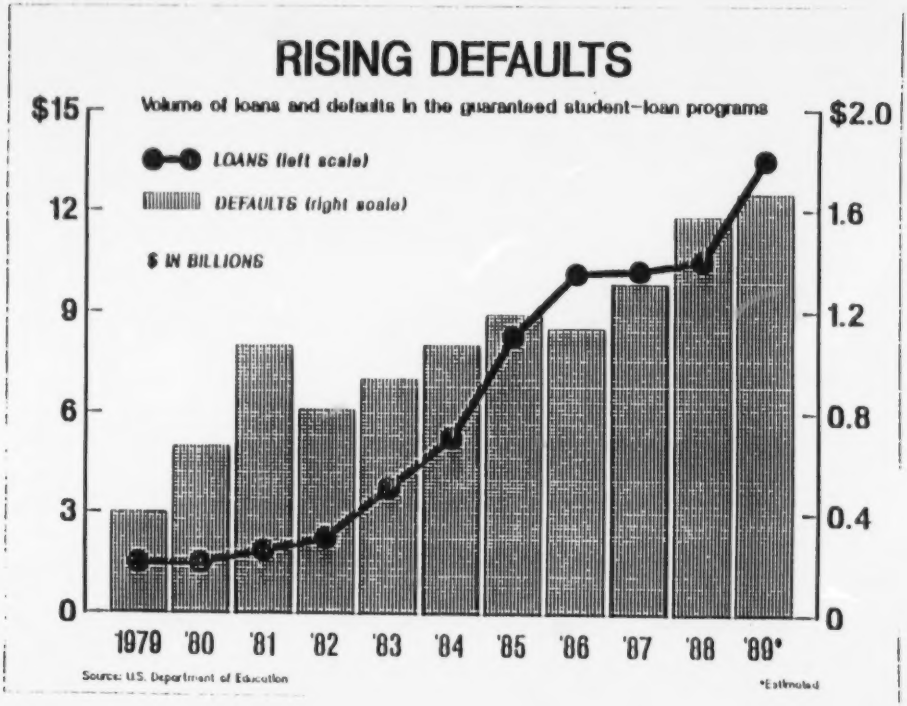

RISING DEFAULTS
Volume of loans and defaults in the guaranteed student-loan programs
LOANS (left scale)
DEFAULTS (right scale)
$ IN BILLIONS
$15
12
9
6
3
0
$2.0
1.6
1.2
0.8
0.4
0
1979 '80 '81 '82 '83 '84 '85 '86 '87 '88 '89*
Source: U.S. Department of Education
*Estimated

TABLE III.

ESTIMATED TOTAL STUDENT ASSISTANCE PER FULL-TIME-EQUIVALENT UNDERGRADUATE STUDENT, BY TYPE OF POSTSECONDARY INSTITUTION AND FAMILY INCOME, FALL 1986 (In dollars)

Type of Institution	Family Income				
	0-11,000	11,000-17,000	17,000-30,000	30,000-50,000	More Than 50,000
Total					
Private Four-Year	12,567	11,927	10,814	9,577	7,798
Proprietary	4,259	3,800	3,240	2,502	1,709
Public Four-Year	10,219	9,485	8,601	7,893	7,323
Public Two-Year	5,126	5,009	4,339	3,957	3,843
Adjusted Total					
Private Four-Year	11,058	10,389	9,416	8,407	7,290
Proprietary	2,959	2,522	1,856	1,207	857
Public Four-Year	9,405	8,771	7,977	7,488	7,157
Public Two-Year	4,918	4,728	4,203	3,862	3,822

SOURCE: Congressional Budget Office estimates based on data from the Department of Education.

NOTE: Total student assistance received by all students includes tuition subsidies (the difference between educational and general expenditures per full-time-equivalent student and average tuition and fees charged) plus any student aid. Adjusted total assistance is estimated by calculating student aid as the sum of grant aid and 40 percent of loans. See the text for details.

United Negro College Fund, Inc

Table IV.

COLLEGE	1990 SEOG ALLOCATION	33% REDUCTION	REDUCED TOTAL DIVIDED BY 995	SEOGs AWA 1992	
BENNETT	99895.00	66929.65	67.265979	66	
CLARK ATLANTA	457252.00	306358.84	307.89833	NA	
FLORIDA MEMORIAL	214488.00	143707.00	144.42914	206	
KNOXVILLE	250000.00	167500.00	168.3417	562	
MORTHOUSE COLLEGE	396137.00	265411.79	266.74551	181	
RUST COLLEGE	411000.00	275370.00	276.75376	409	
TALLADEGA	286439.00	191914.13	192.87852	222	
TUSKEGEE	1029300.00	689631.00	693.09648	503	
VOORHEES	404926.00	271300.42	272.66373	255	
XAVIER	521158.00	349175.86	350.93051	459	
TOTAL	4,070,594.00	2,727,298.69		2,863	

Table V.Department of Education FY 1992
Higher Education Budget Justification

Distribution of Supplemental Educational Opportunity Grants
by Type of Institution -- 1988-89

	Average Grant	Total Grants ($000s)	Percentage of Total	Recipients	Percentage of Total
Public					
Two-Year	$419	$54,821	13%	130,700	19%
Four-Year	610	155,077	37	254,253	37
Subtotal		209,898	50	384,953	57
Private					
Two-Year	543	7,997	2	14,724	2
Four-Year	874	166,589	39	190,549	28
Subtotal		174,586	41	205,273	30
Proprietary	429	37,985	9	88,621	13
Total	622	422,470	100	678,847	100

Distribution of Supplemental Educational Opportunity Grants
by Family Income -- 1988-89

	Total Grants ($000s)	Percentage of Total	Recipients	Percentage of Total
Dependent:				
0 - $ 5,999	$34,961	8%	59,183	8%
$6,000 - $11,999	43,181	10	66,190	10
$12,000 - $17,999	48,092	11	67,334	10
$18,000 - $23,999	45,678	11	61,544	9
$24,000 - $29,999	35,718	8	47,571	7
$30,000+	52,380	12	66,971	10
Subtotal	260,011	62	368,793	54
Independent	162,459	38	310,054	46
Total	422,470	100	678,847	100
Less-than-full-time	23,786	6	52,213	8

NOTE: Detail may not add to totals due to rounding.

TABLE VI. Growth of the Pell Grant Program and Trends in Distribution of Funds by Type of Institution

	1980-81	1982-83	1986-87	1990-91 Estimate
Applicants	4,825,420	5,118,558	6,028,303	6,404,956
Recipients	2,707,932	2,522,746	2,659,505	3,275,729
Program Costs ($000s)	$2,387,117	$2,420,517	$3,460,007	$4,728,543
Average Grant	$822	$959	$1,301	$1,438
Maximum Grant	$1,750	$1,800	$2,100	$2,300

Percentage Distribution of Pell Grant Funds by Type of Institution for Fiscal Years 1980 to 1990

Institution Type	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Public	60	60	57	56	56	56	54	57	55	57	59
Private	28	26	26	24	23	22	21	18	20	20	19
Proprietary	12	14	17	20	21	22	25	25	25	23	22
Total	100	100	100	100	100	100	100	100	100	100	100

Chairman SAWYER. I thank you very much and that report will become a part of the record.

Thank you.

Mr. Jenkins.

STATEMENT OF CLAUSTON JENKINS, PRESIDENT, SAINT MARY'S COLLEGE

Mr. JENKINS. Thank you, Chairman Sawyer, Congressman Price. Thank you for the opportunity to appear today to testify on the Higher Education Act reauthorization.

I speak from the perspective of the president of a unique institution. Saint Mary's College, which will celebrate her 150th birthday in 1992, is a small women's institution that combines the last 2 years of high school with the fist 2 years of college.

Ninety-eight percent of our graduates go on to a four year institution. We offer only a basic liberal arts curriculum that prepares our students to transfer. We are associated with the Episcopal Church, just like Saint Augustine's is.

Let me note for the record that the 400 students at my institution receive less than $100,000 a year in Federal student aid from all sources, and for this reason, I want to focus on broad policy issues rather than on specific aid provisions in the act.

First, I want to stress that sensible education practice suggests that aid for the needy college students take the form of grants rather than loans. I think this reinforces some other testimony you have heard today. It simply does not make sense to burden with loans a poor student who most likely lacks much family or community support for pursuing a college education in the first place. Such a burden can be an impediment for the conscientious poor student—that is just the kind of student we are trying to encourage to be in this program. While my own institution's best interest would probably be served better by increasing aid for middle income students, I think in all honesty I would have to say that this Nation's interest would be best served by increasing grants to our most needy students. I don't think there is any question about that.

There need to be grants rather than loans.

Secondly, all students receiving Federal student aid should be required to maintain a cumulative grade point average of C or 2.0. While some of my colleagues may be aghast at this recommendation, I think it is time we applied some common sense to student aid.

Nothing you can do in the reauthorization would have a more beneficial impact on student performance than to send a clear signal that aid requires diligent application on the part of the students and to those who claim that many students who receive aid are not prepared to perform at a C level.

I would suggest that such students attend another institution until such time as they are prepared. Remedial work at college is very expensive and it represents a mis-direction of our resources. In fact, I can think of no better way for higher education to assist our secondary schools in doing a better job than to send a message

to the high school students that they will not be accepted into college unless they are prepared.

I believe in the students. I have enough faith in our young people in America, and I believe they will respond to the challenge.

As you would expect from the president of a women's college, I want to spend the rest of my time addressing issues relating to the education of women. Within two miles of where we sit today, there are three women's colleges that together enroll more women than the largest women's college in this country, Smith College.

These three institutions—Meredith College, right here, Peace College who is represented with an individual here, and Saint Mary's, my institution—offer programs that range from high school programs to the MBA, all for women. We represent a unique resource in the research triangle area. And women's colleges represent unique resources for our Nation.

From Carol Gilligan at Harvard to Deborah Tannen at Georgetown, we have many scholars who have shown that women learn differently from men. We have much evidence that shows that women learn better at women's colleges. In the words of James L. Fisher, who studied the matter, "we were finally bound to conclude that based on any research available, women's colleges are better for women, not just some women, but women in general."

I think it is time that the legitimate role of women's colleges be recognized in law. In the current act under Title III, there is a provision of Federal contributions to the endowments of certain types of institutions. I would urge you to consider including women's colleges among those institutions and make them eligible for such additions to endowments simply by virtue of being a women's institution.

In 1965, there were 281 women's colleges in this country. By 1991, that number has dwindled to around 90 institutions. With your help, we can make sure that Federal policy recognizes women's colleges as an important part of the educational diversity of this Nation. In doing so, you have an opportunity to make good policy and at the same time support sound education for women. What could be better for the future of our Nation than to ensure that women who have sometimes been neglected in the past be given every opportunity to obtain the education that is best for them.

Thank you.

[The prepared statement of Clauston Jenkins follows:]

STATEMENT OF
PRESIDENT CLAUSTON JENKINS
OF SAINT MARY'S COLLEGE IN RALEIGH, NORTH CAROLINA
TO THE
HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

Thank you for the opportunity of appearing today to testify on the Higher Education Act reauthorization. I speak today from the perspective of the president of a unique institution. Saint Mary's College, which will celebrate her 150th birthday in 1992, is a small women's institution that combines the last two years of high school with the first two years of college. Ninety-eight percent of our graduates go on to a four year institution. We only offer a basic liberal arts curriculum that prepares our students to transfer. We are associated with the Episcopal Church. Let me note for the record that the 400 students at my institution receive less than $100,000 a year in Federal student aid from all sources, and for this reason I want to focus on broad policy issues rather than specific aid provisions in the Act.

First, I want to stress that sensible educational practice suggests that aid for the needy college student take the form of grants rather than loans. It does not make sense to burden with loans a poor student who most likely lacks much family or community support for pursuing a college education. Such a burden can be an impediment for the conscientious poor student--just the kind we want to encourage. While my own institution's interests would be better served by more aid for middle class students, this nation's interest will be best served by increasing grants for our most needy students.

Second, all students receiving Federal student aid should be required to maintain a cumulative grade point average of "C" or 2.0. While some of my colleagues may be aghast at this recommendation, I think it is time we apply some common sense to student aid. Nothing you can do in the reauthorization would have a more beneficial impact on student performance than to send a clear signal that aid requires diligent application on the part of the students. To those who claim that many students who receive aid are not prepared to perform at the "C" level, I would suggest that such students attend another institution until such time as they are prepared. Remedial work at college is very expensive and it represents a misdirection of resources. I can think of no better way for higher education to reinforce the efforts of our secondary schools to do a better job than to send a message to the students that they will not be admitted to college unless they are prepared.

Now, as you would expect from the president of a women's college, I want to spend the rest of my time addressing issues related to the education of women. Within two miles of where we sit today there are three women's colleges that together enroll more women than the largest women's college, Smith. These three institutions--Meredith College, Peace College and Saint Mary's College--offer programs that range from high school to the MBA. We represent a unique resource for the Triangle. And women's colleges represent a unique resource for our nation.

From Carol Gilligan at Harvard to Deborah Tannen at Georgetown we have many scholars who have shown that women learn differently from men. We have much evidence that shows that women learn better at women's

colleges. In the words of James L. Fisher, "We were finally bound to conclude that based on any research available, women's colleges are better for women--not just some women but women in general. " [Baltimore Evening Sun, 9/13/90] It is time that the legitimate role of women's colleges be recognized in law.

In the current Act there is a provision for Federal contributions to the endowments of certain types of institutions. I would urge you to include women's colleges among those institutions and to make them eligible for such additions to college endowments simply by virtue of being women's colleges.

In 1965 there were 281 women's colleges in the United States. By 1991 that number has dwindled to around 90 institutions. With your help we can make sure that Federal policy recognizes women's colleges as an important part of the educational diversity of this nation. In doing so you have an opportunity to make good policy and at the same time support sound education for women. What could be better for the future of our nation than to ensure that women, who have sometimes been neglected in the past, be given every opportunity to obtain the education that is best for them.

June 28, 1991

Chairman SAWYER. Thank you very much, Dr. Jenkins.
Dr. Page?

STATEMENT OF ALLEN PAGE, DEAN, UNDERGRADUATE EDUCATION, MEREDITH COLLEGE

Mr. PAGE. Thank you, Mr. Chairman, for your invitation to testify today. We in the fourth district here in North Carolina are very pleased to host the hearing today and are pleased to have Congressman Price and, earlier, Congressman Valentine working with you, and pleased they are working with your committee as they have worked so productively with us for the general cause of education.

I represent Meredith College, the largest college for women in the Southeastern United States. Meredith is this year celebrating its centennial of the granting of its charter by the State of North Carolina. I am also the product of three educational institutions of North Carolina—Mars Hill College, Wake Forest University, and Duke University.

Education is an area that we must find a way to support financially. It is an investment in our future. In an increasingly complex world, an education which will provide meaningful perspective, raise questions of values, and provide skills to earn a living is absolutely essential.

The soaring cost of education makes it mandatory that we target the type of issues that have been the focus of your committee. Present economic realities and limited resources, financial aid in many schools have generated an increased burden for those of modest, moderate income, even as we have made every effort to target those with greatest needs.

It is increasingly less predictable that students will come directly from high school to college with parental support. Rapidly changing social and economic factors made it impossible for many students to expect parental support, and we must not allow these students to slip through the cracks and drop out of sight.

At Meredith, we have a large number of students who are older than the typical college age student. Currently, we have approximately 20 percent of our students who are older than 23, or approximately 14 percent of our full-time student equivalent.

Many of these students are working. Many are single parents. Many are second career people, training to enter the job market after rearing children. They need financial support.

Even though most of the attention of this hearing has been focused on financial assistance, it is appropriate that the Higher Education Act does not focus only on student financial assistant programs. It provides for other areas which are crucial in the development of sound educational programs. I would like to highlight two of these areas. First, academic library and information technology enhancement. With technical advances, there is the pressing question of how students benefit. Not only is the purchase of new equipment necessary, the training of support staff is essential. Title II of the Higher Education Act is vital to curricular and instructional development in our colleges.

Comments were made in the earlier panel that have already highlighted the necessity of updating technical services for our libraries as a protection against erosion of our resources of knowledge and storehouses of knowledge.

Secondly, I would like to highlight international education programs. In our world, a global prospective is needed in order to deal with a pluralistic society. A multi-cultural awareness is necessary if our students are to be able to compete and live productively in the world of the 21st century.

The Higher Education Act is important to the future of education throughout our Nation. Mindful of the complexities that are involved in writing legislation of this magnitude, I commend and encourage you as members of this committee to push forward in your efforts to revitalize, to reauthorize and eventually to pass a new Higher Education Act.

Thank you.

[The prepared statement of Allen Page follows:]

Testimony Before the House Subcommittee on Postsecondary Education

Raleigh, N. C.
June 28, 1991

Thank you, Mr. Chairman, for your invitation to speak today. We in the Fourth Congresssional District of North Carolina are proud to host your committee and are pleased to have Congressman Price and Congresssman Valentine working with you, as they have worked to positively with us, for the couse of education.

I represent Meredith College, the largest college for women in the southeastern United States. I am also the product of three educational institutions of North Carolina--Mars Hill College, Wake Forest University, and Duke University.

Education is one of those areas that we must find a way to support financially. It is an investment in our future. In an increasingly complex world, an education which will provide a meaningful perspective, raise questions of values, and provide skills to e[illegible] a living is absolutely essential.

The soaring cost of education makes it manditory that we target the type of issues which have been the focus of this committee.

Shrinking amounts of financial aid in many schools (both in terms of amounts and percentages) has generated an increased burden on those of modest, moderate incomes, even as we have made every effort to target those with the greatest needs.

It is increasingly less predictable that students will come directly from high school to college with parental support. Rapidly changing social and economic factors make it impossible for many students to expect parental support and we must not allow these students to slip through the cracks and drop out of sight.

At Meredith we have a large number of students who are older that the typical college-aged student. Currently we have approximately 20% of our students who are older than twenty-three, or approximately 14% of our full-time student equivalent. Many of these students are working; many are single parents; many are second career peopole training to enter the job market after rearing children. They need financial support.

Appropriately the Higher Education Act does focus only on student fiancial assistance programs. It provides support for other areas which are crucial in the development of sound educational programs. I would like to high-light two such areas. First, Academic Library and Information Technology Enhancement. With technological advancements there is the pressing question of how students can benefit. Not only is the purchase of new equipment necessary; the training of support staff is essential. Title II of the Act is vital to the curricular and instructional development of our colleges.

Second, International Education Programs. In our world a global perspective is needed in order to deal with a pluralistic society. A multi-cultural awareness is necessary if our students

are to be able to compete and to live productively in the world of the twenty-first century.

The Higher Education Act is important to the future of education in our nation. Mindful of the multitude of complexities that is involved is writing legislation of this magnitude, I commend and encourage you as members of the committee to push forward in your efforts to revitalize, to reauthorize, and --yes --to pass a new Higher Education Act.

Thank you, Mr. Chairman.

Respectfully submitted,

Allen F. Page

Allen F. Page,
Dean of Undergraduate Instruction
and Registrar
Meredith College,
Raleigh, North Carolina

Chairman SAWYER. Thank you very much, Dr. Page.
Dr. Shaw?

STATEMENT OF TALBERT O. SHAW, PRESIDENT, SHAW UNIVERSITY

Mr. SHAW. Mr. Chairman, distinguished Members of the Subcommittee on Postseconday Education, I salute you for this opportunity to testify in support of the reauthorization of the Higher Education Act. It is highly commendable that you have captured this significant moment in the history of higher education in these United States, and have ventured to leave behind you the safe sanctuary on Capitol Hill, thus giving us this rare opportunity to participate in efforts to reshape and chart the course of higher education leading into the 21st century.

Chairman SAWYER. Dr. Shaw, there is nothing safe about Capitol Hill.

Mr. SHAW. My remarks, Mr. Chairman are to be characterized by three things. First of all, its brevity, thanks to the heavy hand of Congressman Price, and characterized also by the absence of statistics, not only because Israelis say statistics is the art of lying with precision, but because of the time constraint I have.

Thirdly, having listened to previous presenters and having seen the emerging consensus regarding specific recommendations on aspects of the Higher Education Act, I am confident that my observations are not expressions of eccentricity, but they represent a refreshing consistency in the support of the Higher Education Act.

I am Talbert Shaw, the twelfth president of Shaw University situated here in Raleigh, North Carolina. Founded in 1865 by the Reverend Henry Tupper, an American Baptist Missionary and presently affiliated with the General Baptist State Convention of North Carolina, Shaw University is a fully accredited liberal arts institution which presently offers its over 1,800 students degree majors in international education, business, telecommunications, physical education, the humanities, computer science, teacher education, the natural and social sciences.

For 126 years, literally thousands of Americans, particularly minorities, have been given an opportunity by this historic institution to prepare themselves to contribute to the development of this great Nation.

And indeed, today they serve this country in every facet of its public life. I dare to say that without Shaw University and other historically black institutions, most of the minorities in this country would never have access to educational opportunities, a frightening thought, to say the least.

Without historically black colleges and universities, the loss to America, educationally, economically, militarily and culturally would be incalculable. The vestiges of racial exclusiveness have relegated significant numbers of minority Americans to the periphery of mainstream America, evidenced in disproportionate unemployment, and its socioeconomic correlates—poverty, low income, dysfunctional families, and social dislocations.

And the ever rising cost of education essentially eliminates them from the possibility of a college education. Over 90 percent of these

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students must receive financial assistance to attend college. Family incomes for large percentages of them are below or slightly above the poverty line. Yet thousands are intellectually capable and willing to pursue educational options, and once given the opportunity, they enthusiastically embrace it.

I appear before you today to support reauthorization of the Higher Education Act because its original establishment was the second most significant step by America to enfranchise minority Americans and equip them to build America.

The first giant step in this enterprise was the establishment of black colleges in the second half of the 19th century. Today, over 40 percent of black students in America enroll in the 117 historically black colleges and universities, and these institutions confer 50 percent of all baccalaureate degrees received by Black Americans.

Their moderate tuition costs and high productivity rate make them the best education bargains in America. Yet, low earning ability makes over 90 percent of these students unable to attend college without financial aid.

Accordingly, in order to preserve and increase the capacity of these institutions, to assist America equip its citizens to serve both individual and national interests, the Federal Government must make significant financial support of education a national priority. There is no more promising investment than in human resources, and education is a chief instrument of this enterprise.

Although I support renewal of the entire Higher Education Act, in the interest of time, I shall nominate Title III and IV for some specific suggestions.

In Title III, there are components with provisions particularly relevant and crucial to the survival of historically black colleges. These provisions include (a) the strengthening of institution programs; (b) the strengthening of historically black colleges and university programs; and the endowment challenge grant program. With reference to Part B of Title III which deals with the Black College and University Act, I recommend the following:

Number one, increase Part B floor from $350,000 to $500,000 in order to provide a minimum level of funding for the smallest HBCU's which are eligible to participate.

Next, increase the funding level of Title III, Part B (institutional aid, the Black College Act) to $100 million to allow for adequate funding in the wake of increasing inflation.

Enact the Bush administration proposal to establish a set-aside of $10 million for HBCU's in Part C, and that is the challenge endowment grant program, with a Part C authorization of $75 million for fiscal year 1993. Endowment building for HBCU's represents the most dependable way to establish fiscal stability in these institutions.

The following represents my recommendations regarding Title IV, Student Aid Programs. One, make the Pell grant program a true entitlement with a minimum award of $4,000 beginning in 1994.

Two, shift the pattern of student financial aid from loan to grants. This is a refrain that you have been hearing and you can say it easily. Socioeconomic realities discourage deserving students

from involving themselves in loan obligations, both in terms of retrospect and prospect.

Next, adjust the Pell grant awards annually based on the consumer price index.

Then simplify the Federal student aid application process. The present process is cumbersome and tedious and tends to discourage those who are clearly in need of financial aid.

Change the formula to extend eligibility to families with annual incomes of up to $43,000. This, I know, is quite a departure from what has been recommended now, but we are up here talking about realities here.

Current eligibility effectively limits assistance to families with incomes below $35,000. Provide more flexible repayment options to reduce the adverse impact of borrowing on those students most at risk.

These recommendations are not exhausting, but rather they focus on crucial aspects of student financial aid, which if enacted, would significantly improve student access to academic opportunities and ensure their retention toward graduation.

A refreshing phenomenon is adorning the academic landscape in America, and that is the increasing numbers of black students enrolling in colleges. It is a phenomenon of great promise for individual Americans as well as for America, whose economic leadership is threatened by the emergence of technological sophistication in other industrialized nations.

These students represent significant percentages of our work force leading into the 21st century. Only economic myopia would subscribe to a posture of retreat from support of the Higher Education Act which provides a combination of real access and choice to low and middle income students in question of educational opportunities.

Finally, lest my testimony be dubbed parochial and ethnocentric, let me hasten to add that my advocacy here for Federal support of higher education covers the educational spectrum of our great country.

The chain is no stronger than its weakest link. Thus, my expectations are comprehensive in scope.

I thank you, Mr. Chairman, for this opportunity to appear before this distinguished committee, and may your deliberations be informed by the wisdom of Benjamin Franklin, the only thing more expensive than education is ignorance.

Thank you.

[The prepared statement of Talbert O. Shaw follows:]

TESTIMONY OF DR. TALBERT O. SHAW, PRESIDENT

SHAW UNIVERSITY

Before

THE HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

June 28, 1991

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THIS SIGNIFICANT COMMITTEE ON POSTSECONDARY EDUCATION, I SALUTE YOU FOR THIS OPPORTUNITY TO TESTIFY IN SUPPORT OF THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT. IT IS HIGHLY COMMENDABLE THAT YOU HAVE CAPTURED THIS SIGNIFICANT MOMENT IN THE HISTORY OF HIGHER EDUCATION IN THESE UNITED STATES, AND HAVE VENTURED TO LEAVE BEHIND YOU THE SAFE SANCTUARY ON CAPITOL HILL, THUS GIVING US THIS RARE OPPORTUNITY TO PARTICIPATE IN EFFORTS TO RESHAPE AND CHART THE COURSE OF HIGHER EDUCATION LEADING INTO THE 21ST CENTURY.

I AM TALBERT O. SHAW, THE TWELFTH PRESIDENT OF SHAW UNIVERSITY SITUATED HERE IN RALEIGH, NORTH CAROLINA. FOUNDED IN 1865 BY THE REVEREND HENRY TUPPER, AN AMERICAN BAPTIST MISSIONARY, AND PRESENTLY AFFILIATED WITH THE GENERAL BAPTIST STATE CONVENTION OF NORTH CAROLINA, SHAW UNIVERSITY IS A FULLY ACCREDITED LIBERAL ARTS INSTITUTION WHICH PRESENTLY OFFERS, ITS OVER 1800 STUDENTS, DEGREE MAJORS IN INTERNATIONAL EDUCATION, BUSINESS, TELECOMMUNICATIONS, PHYSICAL EDUCATION, THE HUMANITIES, COMPUTER INFORMATION SCIENCE, TEACHER EDUCATION, THE NATURAL AND SOCIAL SCIENCES.

FOR 126 YEARS, LITERALLY THOUSANDS OF AMERICANS, PARTICULARLY MINORITIES, HAVE BEEN GIVEN AN OPPORTUNITY BY THIS HISTORIC INSTITUTION TO PREPARE THEMSELVES TO CONTRIBUTE TO THE DEVELOPMENT OF THIS GREAT NATION. AND, INDEED, TODAY THEY SERVE THIS COUNTRY IN EVERY FACET OF ITS PUBLIC LIFE. I DARE TO SAY THAT WITHOUT SHAW UNIVERSITY AND OTHER HISTORICALLY BLACK EDUCATIONAL INSTITUTIONS, MOST OF THE MINORITIES IN THIS COUNTRY WOULD NEVER HAVE ACCESS TO EDUCATIONAL OPPORTUNITIES, A FRIGHTENING THOUGHT, TO SAY THE LEAST. WITHOUT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES, THE LOSS TO AMERICA, EDUCATIONALLY, ECONOMICALLY, MILITARILY, AND CULTURALLY WOULD BE INCALCULABLE.

THE VESTIGES OF RACIAL EXCLUSIVENESS HAVE RELEGATED SIGNIFICANT NUMBERS OF MINORITY AMERICANS TO THE PERIPHERY OF MAINSTREAM AMERICA EVIDENCED IN DISPROPORTIONATE UNEMPLOYMENT, AND ITS SOCIO-ECONOMIC CORRELATES--POVERTY, LOW INCOME, DYSFUNCTIONAL FAMILIES, AND SOCIAL DISLOCATIONS. AND, THE EVER-RISING COST OF EDUCATION ESSENTIALLY ELIMINATES THEM FROM THE POSSIBILITY OF A COLLEGE EDUCATION. OVER 90 PERCENT OF THESE STUDENTS MUST RECEIVE FINANCIAL ASSISTANCE TO ATTEND COLLEGE. FAMILY INCOMES FOR LARGE PERCENTAGES OF THEM ARE BELOW OR SLIGHTLY ABOVE THE POVERTY LINE. YET, THOUSANDS ARE INTELLECTUALLY CAPABLE AND WILLING TO PURSUE EDUCATIONAL OPTIONS, AND ONCE GIVEN THE OPPORTUNITY, THEY ENTHUSIASTICALLY EMBRACE IT.

I APPEAR BEFORE YOU TODAY TO SUPPORT REAUTHORIZATION OF THE HIGHER EDUCATION ACT, BECAUSE ITS ORIGINAL ESTABLISHMENT WAS THE

SECOND MOST SIGNIFICANT STEP BY AMERICA TO ENFRANCHISE MINORITY AMERICANS AND EQUIP THEM TO HELP BUILD AMERICA. THE FIRST GIANT STEP IN THIS ENTERPRISE WAS THE ESTABLISHMENT OF BLACK COLLEGES IN THE SECOND HALF OF THE 19TH CENTURY. TODAY, OVER 40 PERCENT OF BLACK STUDENTS IN AMERICA ENROLL IN THE 117 HISTORICALLY BLACK COLLEGES AND UNIVERSITIES, AND THESE INSTITUTIONS CONFER 50 PERCENT OF ALL BACCALAUREATE DEGREES RECEIVED BY BLACK AMERICANS. THEIR MODERATE TUITION COSTS AND HIGH PRODUCTIVITY RATE MAKE THEM THE BEST EDUCATIONAL BARGAINS IN AMERICA. YET, LOW EARNING ABILITY MAKES OVER 90 PERCENT OF THESE UNABLE TO ATTEND COLLEGE WITHOUT FINANCIAL AID.

ACCORDINGLY, IN ORDER TO PRESERVE AND INCREASE THE CAPACITY OF THESE INSTITUTIONS TO ASSIST AMERICA EQUIP ITS CITIZENS TO SERVE BOTH INDIVIDUAL AND NATIONAL INTERESTS, THE FEDERAL GOVERNMENT MUST MAKE SIGNIFICANT FINANCIAL SUPPORT OF EDUCATION A NATIONAL PRIORITY. THERE IS NO MORE PROMISING INVESTMENT THAN IN HUMAN RESOURCES, AND EDUCATION IS THE CHIEF INSTRUMENT OF THIS ENTERPRISE.

ALTHOUGH I SUPPORT RENEWAL OF THE ENTIRE HIGHER EDUCATION ACT, IN THE INTEREST OF TIME, I SHALL NOMINATE TITLES III AND IV FOR SOME SPECIFIC SUGGESTIONS. IN TITLE III, THERE ARE COMPONENTS WITH PROVISIONS PARTICULARLY RELEVANT AND CRUCIAL TO THE SURVIVAL OF HISTORICALLY BLACK COLLEGES. THESE PROVISIONS INCLUDE (A) THE STRENGTHENING OF INSTITUTIONS PROGRAMS; (B) THE STRENGTHENING OF HISTORICALLY BLACK COLLEGES AND UNIVERSITIES PROGRAM; AND THE

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ENDOWMENT CHALLENGE GRANT PROGRAM. WITH REFERENCE TO PART B OF TITLE III, WHICH DEALS WITH THE BLACK COLLEGE AND UNIVERSITY ACT, I RECOMMEND THE FOLLOWING:

INCREASE PART B FLOOR FROM $350,000 TO $500,000 IN ORDER TO PROVIDE A MINIMUM LEVEL OF FUNDING FOR THE SMALLEST HBCUs WHICH ARE ELIGIBLE TO PARTICIPATE;

INCREASE THE FUNDING LEVEL OF TITLE III PART B (INSTITUTIONAL AID, THE BLACK COLLEGE ACT) TO $100 MILLION TO ALLOW FOR ADEQUATE FUNDING IN THE WAKE OF INCREASING INFLATION;

ENACT THE BUSH ADMINISTRATION PROPOSAL TO ESTABLISH A "SET-A-SIDE" OF $10 MILLION FOR HBCUs IN PART C, CHALLENGE (ENDOWMENT) GRANT PROGRAM, WITH A PART C AUTHORIZATION OF $75 MILLION FOR FY 1993. ENDOWMENT-BUILDING FOR HBCUs REPRESENTS THE MOST DEPENDABLE WAY TO ESTABLISH FISCAL STABILITY IN THESE INSTITUTIONS.

THE FOLLOWING REPRESENTS MY RECOMMENDATIONS REGARDING TITLE IV, STUDENT AID PROGRAMS:

MAKE THE PELL GRANT PROGRAM A TRUE ENTITLEMENT WITH A MAXIMUM AWARD OF $4,000 BEGINNING IN FY 1994.

SHIFT THE PATTERN OF STUDENT FINANCIAL AID FROM LOANS TO GRANTS. SOCIO-ECONOMIC REALITIES DISCOURAGE DESERVING STUDENTS FROM INVOLVING THEMSELVES IN LOAN OBLIGATIONS BOTH IN TERMS OF RETROSPECT AND PROSPECT;

ADJUST PELL GRANT AWARDS ANNUALLY BASED ON CONSUMER PRICE INDEX;

SIMPLIFY THE FEDERAL STUDENT AID APPLICATION PROCESS. THE

PRESENT PROCESS IS CUMBERSOME AND TEDIOUS, AND TENDS TO DISCOURAGE THOSE WHO ARE CLEARLY IN NEED OF FINANCIAL AID;

CHANGE THE FORMULA TO EXTEND ELIGIBILITY TO FAMILIES WITH ANNUAL INCOMES UP TO $43,000. CURRENT ELIGIBILITY EFFECTIVELY LIMITS ASSISTANCE TO FAMILIES WITH INCOMES BELOW $35,000;

PROVIDE MORE FLEXIBLE REPAYMENT OPTIONS TO REDUCE THE ADVERSE IMPACT OF BORROWING ON THOSE STUDENTS MOST AT RISK.

THESE RECOMMENDATIONS ARE NOT EXHAUSTIVE; RATHER, THEY FOCUS ON CRUCIAL ASPECTS OF STUDENT FINANCIAL AID, WHICH, IF ENACTED, WOULD SIGNIFICANTLY IMPROVE STUDENT ACCESS TO ACADEMIC OPPORTUNITIES AND ENSURE THEIR RETENTION TOWARD GRADUATION.

A REFRESHING PHENOMENON IS ADORNING THE ACADEMIC LANDSCAPE IN AMERICA, AND THAT IS THE INCREASING NUMBER OF BLACK STUDENTS ENROLLING IN COLLEGES. IT IS A PHENOMENON WITH GREAT PROMISE FOR INDIVIDUAL AMERICANS AS WELL AS FOR AMERICA, WHOSE ECONOMIC LEADERSHIP IS THREATENED BY THE EMERGENCE OF TECHNOLOGICAL SOPHISTICATION IN OTHER INDUSTRIALIZED NATIONS. THESE STUDENTS REPRESENT SIGNIFICANT PERCENTAGES OF OUR WORK FORCE LEADING INTO THE 21ST CENTURY. ONLY ECONOMIC MYOPIA WOULD SUBSCRIBE TO A POSTURE OF RETREAT FROM SUPPORT OF THE HIGHER EDUCATION ACT WHICH PROVIDES A COMBINATION OF REAL ACCESS AND CHOICE TO LOW AND MIDDLE INCOME STUDENTS IN QUEST OF EDUCATIONAL OPPORTUNITIES.

FINALLY, LEST MY TESTIMONY BE DUBBED PAROCHIAL AND ETHNOCENTRIC, LET ME HASTEN TO ADD THAT MY ADVOCACY HERE FOR FEDERAL SUPPORT OF HIGHER EDUCATION COVERS THE EDUCATIONAL SPECTRUM

OF OUR GREAT COUNTRY. THE CHAIN IS NO STRONGER THAN ITS WEAKEST LINK. THUS, MY EXPECTATIONS ARE COMPREHENSIVE IN SCOPE.

I THANK YOU , MR. CHAIRMAN, FOR THIS OPPORTUNITY TO APPEAR BEFORE THIS DISTINGUISHED COMMITTEE, AND MAY YOUR DELIBERATIONS BE INFORMED BY THE WISDOM OF BENJAMIN FRANKLIN: "THE ONLY THING MORE EXPENSIVE THAN EDUCATION IS IGNORANCE."

Chairman SAWYER. Thank you very much, Dr. Shaw.
Dr. Hemby?

STATEMENT OF JAMES B. HEMBY, JR., PRESIDENT, BARTON COLLEGE

Mr. HEMBY. Thank you, Chairman Sawyer, Congressman Price. We appreciate your coming to North Carolina to hear our testimonies regarding the reauthorization of the Higher Education Act.

There is something somewhere in scripture that has to do with the first being last and the last being first, but I will surely try to avoid saying anything about that in view of the fact that I have limited time, as Dr. Shaw has already alluded to.

Chairman SAWYER. I think that horse is already out of the barn.

Mr. HEMBY. I cannot honestly improve upon the earlier testimony to your full committee by the American Council of Education, the National Association of Independent Colleges and Universities, and other national organizations, and my immediate predecessors on this panel today.

The real needs on each of our campuses continue to be student assistance. Hence, I will only emphasize a few points from the earlier testimonies.

First, all student assistance I believe must be tied to the consumer price index.

Second, tuition sensitive allocations must take top priority in the reauthorization of the Higher Education Act.

Third, further reduction of the expected family contribution needs to occur in the Middle Income Student Assistance Act.

Fourth, the Pell grant maximum should be increased to $4,500 and adjusted annually thereafter.

Now, having said that, in the face of these requirements, we recognize your mandate to either reduce funding in other areas or raise taxes. Hence, permit me to offer one person's view of a few suggestions for reduction and additions.

Requiring recipients, as has already been stated, of Federal grants to maintain a minimum GPA of 2.0 would clearly remove some students from the rolls and thus save funds for increasing assistance in other areas.

An even stricter but surely less politically palatable measure requiring students completing programs to repay the full amount of their grant or a pro rata share would add still more assistance for the serious students.

The elimination and/or reduction of all or portions of certain entitlement programs in the Higher Education Act would provide additional funding for the more essential needs. For example, and I recognize Chairman Sawyer, that these are not popular suggestions, I hope you will hear me out to the end—eliminate Title I. Individual colleges and universities should engineer such partnerships as needed in specific locations. Monies saved might be better expended in assisting these non-traditional students with their educational expenses.

I can say this without the fear of recrimination at this point because we have just implemented at Barton College the first week-

end college in Eastern North Carolina, which enrolls a sizable number of students of a non-traditional nature.

Two, delete Part C of Title III. Colleges and universities should depend, in my view, upon their own resources for endowments.

Three, eliminate Title V, institutions should address these needs internally and for obvious reasons pertaining to their raison d'etre.

Four, eliminate Title VIII. Again, colleges and universities should develop such programs in conjunction with the private and public sectors on their own.

Five, delete Part C, Title X: community service projects play an increasingly more important role on college campuses, but feasibility studies of student participation seem somewhat extravagant in tight economic times.

And surely, all of us in higher education would prefer that these programs remain fully funded and indeed be increased at many levels. However, given the stark economic realities and forecasts, some alternatives seem in order.

By sharing the burden, we can assist in defining a solution acceptable, hopefully, to most. In concernt with these and perhaps other belt tightening efforts, incentives through tax relief financial planning could offset some other budget needs.

For example, providing tax-free savings plans defined specifically for education costs and used specifically for those purposes might encourage many families to plan more prudently for the future.

Others planning in this fashion might well eliminate their need for Federal grants. Further, by tax exempting scholarships and fellowships, we would encourage more students to compete for these awards, which would in turn remove their need for loans and grants at certain levels.

Although these cuts and provisions for encouraging financial planning might not afford all the funds necessary to increase direct assistance for students, they suggest only some immediate possibilities. We as educators know, I hope, that throwing money at problems never solves them. Rather, we must help to find some creative ways to prioritize needs for the most prudent use of available dollars. Obviously, assisting students with their financial needs ranks highest on our priority list. After that, as you have heard and will continue to hear through other testimonies, each educator has his or her own preferential areas. At Barton College, three seem significant, two of which have already been mentioned in detail.

In detail, the lion's share of the Higher Education Act, Title IV, "International Education Programs and Construction," "Reconstruction and Renovation of Aacademic Facilities," "Academic Library and Information Technology Enhancement" deserves special attention.

The scope of our national education requires expansion. Comprehensive programs rather than fragmented efforts now command the attention of all concerned about international sensitivities through education.

This, as all entitlement funding must, should be highly competitive and strictly monitored. Having college and university international programs compete for funding based on their merit, creativity and thoroughness provides incentive for the serious planning and intent. By regularly monitoring the progress of implementa-

tion with the defined progress requirements of stated intention to cease funding when and if the programs fail to meet the minimum standards, international designs on campuses would improve considerably.

Colleges and universities face the grave responsibility of educating global citizens and leaders for the 21st century. The quality of those programs will determine the quality of life all over the world, as well as our ability to compete in the world market.

Many campuses, especially in the private sector, stand in desperate need of refurbishment and in many cases, new construction. Again, by competing for the available dollars, colleges and universities stress efficiency and economic prudence when undertaking such projects. Aging facilities detract from the education process and thus penalize students, and limiting funding continues to compound these problems. Hence, whether through low interest loans or direct grants, we seriously need assistance in improved facilities and equipment. Such assistance will ensure energy efficiency, safety and the quality of learning.

Testimony already ably made by Mr. Hunt and Dr. Page strike at the heart of this need relative to library information technology enhancement. Deterioration, information overload and how to manage these and the fact that this area lies at the heart of all education, we attest to the vitality and to the importance of this need.

Finally, the brain trust, both current and future of this and every country resides on the college university campuses. Thinking and creating is our business. Without the Federal Government's assistance, however, we simply cannot maintain the level of competency necessary to compete in today's world.

Our youth need direct financial assistance and I emphasize that again, as do our institutions. A few dollars to accomplish the task worries us all. Will you, as lawmakers, and your colleagues, then continue challenging that brain trust on our campuses to address the issues of limited funding and increasing needs in a creative and productive fashion as you have done today?

Thank you for your time and indulgence with this microphone.

[The prepared statement of James B. Hemby, Jr. follows:]

STATEMENT

to the

SUB-COMMITTEE ON POST SECONDARY EDUCATION

COMMITTEE ON EDUCATION AND LABOR

UNITED STATES HOUSE OF REPRESENTATIVES

June 28, 1991

by

James B. Hemby, Jr., President

Barton College

Wilson, North Carolina

Members of the Sub-Committee:

Thank you for coming to North Carolina to hear our comments on the reauthorization of the Higher Education Act. I cannot honestly improve upon the earlier testimony to your full committee by the American Council on Education, the National Association of Independent Colleges and Universities, and other national organizations, relative to Title IV of the HEA. The real needs on each of our campuses continue to be student assistance. All others pale by comparison, even as we shudder to think of the enormous debt incurred by increasing numbers of our students and their families. While we work hard to contain our costs and thus theirs, recurring financial needs push us and them closer to the brink every year. Hence, I only emphasize a few points from the earlier testimonies: first, all student assistance must be tied to the Consumer Price Index; second, tuition sensitive allocations must take top priority in the new authorization of HEA; third, further reduction of the Expected Family Contribution needs to occur in the Middle Income Student Assistance Act; fourth, the Pell Grant maximum should be increased to $4500 and adjusted annually thereafter.

In the face of these requirements, we recognize your mandate to either reduce funding in other areas or raise taxes. Hence, permit me to offer a few suggestions for reductions and additions.

Requiring recipients of federal grants to maintain a minimum GPA of 2.0 would clearly remove some students from the rolls and thus save

funds for increasing assistance in other areas. An even stricter, but surely less politically palatable, measure requiring students not completing programs to repay the full amount of their grant or a prorata share would add still more assistance for the serious students.

The elimination and/or reduction of all or portions of certain titlement programs in the HEA would provide additional funding for the more essential needs. For example: 1) Eliminate Title I: individual colleges and universities should engineer such partnerships as needed in specific locations; monies saved might be better expended in assisting these nontraditional students with their educational expenses; 2) Delete Part C of Title III: colleges and universities should depend upon their own resources for endowments; 3) Eliminate Title V: institutions should address these needs internally and for obvious reasons pertaining to their raison d'etre; 4) Eliminate Title VIII; again, colleges and universities should develop such programs in conjunction with the private and public sectors; 5) Delete Part C of Title X: community service projects play increasingly more important roles on college campuses, but feasibility studies of student participation seem somewhat extravagant in tight economic times.

All in higher education would prefer that these titlements remain fully funded. However, given the stark economic forecasts, some alternatives seem in order. By sharing the burden we can assist in defining a solution acceptable to most. In concert with these and perhaps other 'belt tightening' efforts, incentives through tax relief financial planning could offset some budget needs. For example,

providing tax free savings plans defined specifically for educational costs and used specifically for those purposes might encourage many families to plan more prudently for the future. Such families could then avoid the enormous educational debts often incurred at the time the money is needed for college. Others planning in this fashion, might well, eliminate their need for federal grants. Further, by tax exempting scholarships and fellowships, we would encourage more students to compete for these awards, which would in turn remove their need for loans and grants.

Although these cuts and provisions for encouraging financial planning might not afford all of the funds necessary to increase direct assistance for students, they suggest some immediate possibilities. We as educators know that "throwing money" at problems never solved them. Rather we must help define some creative ways to prioritize needs for the most prudent use of available dollars. Obviously, assisting students with their financial needs ranks highest on our priority lists. After that, each educator has his/her own preferential areas. At Barton College, two seem significantly important.

In addition to the "Lion's Share" of HEA, Title IV, "International Education Programs" and "Construction, Reconstruction, and Renovation of Academic Facilities" deserve special attention. The scope of International Education requires expansion. Comprehensive programs rather than fragmented efforts now command the attention of all concerned about international sensitivities through education. This, as all entitlement funding must, should be highly competitive

and strictly monitored. Having college and university international programs compete for funding based on their merit, creativity, and thoroughness provides incentive for serious planning and intent. By regularly monitoring the progress of implementation, with the defined requirements and stated intention to cease funding when and if the programs fail to meet the minimum standards, international designs on campuses would improve considerably. Colleges and universities face the grave responsibility of educating global citizens and leaders for the twenty-first century. The quality of those programs will determine the quality of life all over the world, as well as our ability to compete in the world markets.

Many campuses, especially in the private sector, stand in desperate need of refurbishment, and in some cases new construction. Again, by competing for the available dollars, colleges and universities stress efficiency and economic prudence when undertaking such projects. Aging facilities detract from the educational process and thus penalizes students, and limited funding continues to compound these problems. Hence, whether through low interest loans or grants, we seriously need assistance in improving facilities and equipment. Such assistance will insure energy efficiency, safety, and the quality of learning.

The brain trust, both current and future, of this and every country resides on the college and university campuses. Thinking and creating is our business. Without the federal government's assistance we simply cannot maintain the level of competency necessary to compete in today's world. Our youth need direct financial assistance, as do our institutions. Fewer dollars to accomplish the task worries us all. Will you, as lawmakers, continue challenging that "brain trust" to address the issue of limited funding and increasing needs in a creative and productive fashion, as you have done today.

Chairman SAWYER. Thank you very much, gentlemen. It was enormously constructive and helpful.

Congressman Price?

Mr. PRICE. Thank you very much.

Let me add my thanks to the panel for some very enlightening comments. One thing that struck me right at the beginning of this panel, struck me very forcefully, was the statement in your testimony, Dr. Burness, about the impact on rising tuition costs because of the Federal Government's default in providing student financial aid.

You are quoting a renowned economist. It says that roughly 25 percent of the annual increase in tuition at private universities during the 80's may be attributable to the institutions filling the financial aid gap created by the Federal Government's shift from grants to loans.

That 25 percent increase alone essentially represents the annual tuition increases above the CPI. Now, I had not heard that figure put out in quite that form, but that is a striking conclusion. Of course, we are always feeling the pressure of these tuition increases going up faster than the rate of inflation, but you are suggesting that the withdrawal of the Federal Government in large part accounts for that.

Mr. BURNESS. If you are going to maintain a system where students are admitted, not based on their financial circumstances, but based on their academic abilities and potential, the only way to maintain that, given the fact that the Federal Government is shifting from grants to loans is for the institutions and the parents to pick up the burden.

We see that the loan debt of the students coming out of mine and the other institutions here and public institutions of this State. There is another one that plays the same way.

I was interested in listening to the last portion which related to, facilities. The National Science Foundation a few years ago did a study which showed that in 1968, the Federal Government provided something like $2.1 billion to be available to colleges and universities for construction.

By 1988, that was around $400 million. If you count inflation in there, there was less than five percent as much money available in Federal aid for construction of facilities for the colleges and universities in America in 1988 as there was in 1968.

That too is attributable to tuition increases because you simply have to find a way to pay the costs of these facilities.

Mr. PAGE. Now, as these costs go up and as this is reflected in tuition charges and kinds of sacrifices, you have to ask especially these private institutions other than parents who are sending kids to two year schools.

The question becomes very important as to who needs this assistance most and how do we distribute the limited resources.

Dr. Robinson, I appreciate your summarizing your statement, but there is one aspect of it that I don't want us to overlook, precisely that question of distribution and how aid ought to be apportioned.

You are testifying here, of course, I realize for the United Negro College Fund and your focus is the administration budget mostly,

but you say it exacerbates rather than addresses the loan/grant imbalance situation.

Your way of describing that is that it takes money away from the near poor to give it to the very poor. You say this will undoubtedly force those students in the $10,000 to $25,000 range to borrow, to make up for diminished Pell grant funds.

Now, that very effectively focuses the question, I think, and that is who receives student aid, who needs student aid?

Dr. Jenkins, you talk about the need to target the needy students, but I am not sure exactly who you had in mind there. Who qualifies as needy? Are we talking about a poverty program here or are we talking about something that really addresses the needs that a lot of working class, middle class families are having increased trouble in meeting.

In other words, how do you deal with that question of limited resources, and to what extent ought we to retain what I think has historically been a middle class, or at least—it depends on how you define that, of course, but a lot of families in that $20,000 to $25,000 income range have traditionally relied on this assistance and ought that to be?

What kind of targeting ought we to be engaged in as we review this act?

Mr. Jenkins. Well, since you asked me, I would say that my definition of needy, I would say the poor, the near poor would all be under that same umbrella.

There is no doubt about it that the people in the $25,000 range are really hurt by the expenses of attending college and this is without a doubt true.

I guess I would go along with Dr. Hemby and some of these others. I think if you put in the 2.0 requirement, you are going to do some changes in the reallocation of funds and we may have more to put for those students who are performing well.

I would think too that we need to, in the long run, encourage through something like an IRA for college, the savings advantage. I think we have gotten out of the habit in this country of the fact that you have got to save for college in the long run.

I think we can make it possible for more people to build up reserves if we have that kind of program. That would be my answer to it.

Mr. Price. You did stress the need to require some kind of academic performance as a condition of receiving aid. Under any proposal you think about, families are still going to be required to sacrifice, isn't that right?

Mr. Jenkins. Yes, no doubt about it.

Mr. Price. There is still going to be a need for savings for parents picking up the slack. But there does seem to be a real, right at the heart of this act and its the renewal, the debate of who ought to be targeted, who has the need for this kind of support.

Do any of you have anything to contribute on that? I thought Dr. Robinson's way of putting the problem was very effective, but I know it is something all of you have thought about.

Chairman Sawyer. Let me comment on that. It is a fairly political comment and that is to the degree that we narrow the constitu-

ency base for Federal student assistance, we diminish the constituency for the entire undertaking.

If it becomes a poverty program, pure and simple, then it loses the broad support that it has enjoyed throughout its entire life across the entire Nation, and loses its capacity to continue to enjoy the political support from the largest number of voters.

It is a very deep concern and one that I think we cannot afford to not be mindful of. It is a matter of sustaining support.

Mr. BURNESS. I make the observation from a public policy perspective. It seems very difficult to argue that those who are of the greatest need should not receive the greatest support.

The dilemma I have, for instance, with the administration's point is when you use a cut-off figure of $35,000 for a family which might have one or two children at college age, whether it is a public institution or a private institution, the financial pressures on that family are absolutely enormous and the difficulty going back to Congressman Price's observation is that while the total Federal allocation has remained relatively constant over time, the shift from grants to loans is catastrophic for families, more so than even the institutions are struggling.

If we assume the political role that the pie is not going to increase other than incrementally, then I think your observations have to be right, that politically maintaining a base of support is broadened so that it is not just a poverty program.

Then the dilemma is that you then are not hitting an awful lot of folks who really are terribly constrained in their resources for college.

Chairman SAWYER. It is also important to recognize that when we talk about the impact on families, that it is not necessarily the same family that we thought of 25 years ago. It is not the parent supporting the child but the parent trying to sustain his or her own education while supporting far younger children.

It may in fact absolutely preclude that family from taking part in education that is a requisite of sustaining any kind of economic opportunity.

Mr. PRICE. That leads to my next question, actually. Dr. Page focused on this, and I gather it is a trend that would be present across your institutions, and that is the fact that you are now educating more and more people who are beyond traditional college age.

You are seeing people come back to school. You are seeing a nontraditional campus population that I would assume places new pressures on the demand for financial aid, and may require us to rethink the whole Federal relationship of this enterprise.

Dr. Page, would you elaborate on what this has meant to Meredith, and the rest of you please chime in. Where do these people come from? What is their reason for coming to college? What kind of needs do they have that we might not have been aware of or attentive to in the past?

Mr. PAGE. I think a lot of their needs are reflected in what Congressman Sawyer said in terms of the older student who has taken the sources that would have otherwise gone to support children. So we have to rethink that whole thing rather than just sustaining the budget of the student who is in college.

What does it cost to live on campus for 9 months? The whole dynamic of that is a new situation. The range is perhaps broader with our returning students than with typical age students in terms of we have so many divorced single parents, the family structure is different there than anywhere else.

So many of these start back part-time and then aim towards finishing on a full-time basis. To make that possible the typical returning student comes in sort of trying to float a new balloon with two courses to see if they have the competence to make it, and then trying to move toward the full-time student status in order to be able to graduate.

Mr. PRICE. We heard earlier today, of course, from representatives from our community college systems about these students. It seems to be from your testimony that our private colleges are also seeing increasing demand from mid-career people or returning students with job specific requirements that the average undergraduate does not bring to the table.

Mr. SHAW. At Shaw University, over 40 percent of the students we have fall into this category.

Mr. PRICE. What percent?

Mr. SHAW. Over 40 percent of the students fall into this category—people who have families and who have just 2 years of education that want to return, not only for self-improvement, but for professional mobility. That is a great reason that they return and, of course, they need financial aid for the very reason stated along this table.

Mr. HEMBY. We bring a different prospective to that in the weekend college situation. For example, students there travel from as far away as Richmond to Wilson to attend that program and they are able to graduate by attending weekend college over a period of 5 to 6 years, depending on how frequently they want to attend or want to approach it.

So that has given us a completely new dimension of financial aid. One of the problems obviously occurs when something has been referred to time and time again today, and probably has in the past as well, is the paper overload.

For example, it takes our financial aid people as long and as much paper to deal with a 3 hour student as it does an 18-hour student. And this becomes enormously burdensome on our cost effectiveness in that program.

On the other hand, let me digress for just a moment. I do want to say that I happen to be one of those people who thinks that this right to know and security on campus is one of the best things that has come out of Congress in recent years concerning higher education.

We had planned to do that by way of informing our parents before it became law and I think it does provide burdens with an overload of paper, but it is very worthwhile and these parents deserve to know that.

Mr. ROBINSON. If I could just add, Mr. Congressman, a word or two as to what has been said.

I want to reference what my distinguished colleague, President Hemby said about this particular universe, this population, this age and population in the sense that adults, 30 and beyond, as we

look into the crystal ball during the next 10 to 15 years, in my humble opinion, that particular universe, that cobalt of adult students, is going to increase significantly.

Now, if that happens, given the family situation as it currently exists, and what portends toward the future, it is just going to be frightfully impossible for that young person who comes out of high school, gets married, wants to buy a house, starts a family, and for some reasons that you or I know, that family is broken up through divorce and a whole other range of things, and there is that one parent family.

And many times, it is the mother, but not always, trying to take care of children and holding down her job and the best way to seek advancement is through education. I really believe that this is something that we are going to have to refocus on in this country. It is something that is just begging for attention, in my opinion.

Unless we address that problem—here is a single parent family, let's say, that is making $30,000 a year and there are three kids in that family. All that mother can do is barely make ends meet, and that is going to become in my opinion, a very critical problem as we look down the road.

Mr. PRICE. Let me shift to another kind of question, Dr. Hemby. You came out, I think, with a very interesting statement. One reason it is interesting is that you actually suggested some cuts that could be made as well as some areas for increased support.

Mr. HEMBY. We have to do that all the time.

Mr. PRICE. I know you do, and we do too, actually. With the pay as you go rules and the increasing pressures on us to set priorities and to sort out what would appear to be desirable from that of what is truly essential, I think to anyone looking at the Higher Education Act, it is a bewildering array of Federal provisions and programs.

Some of these that you cite have really never been very well funded and so they aren't really very inviting sources for cuts, simply because they have been very meagerly funded from the start.

But what I think you have attempted to do is very important because we do need to have some sense of what the priorities are and we don't want to spread ourselves too thin.

We ought to figure out what we simply must do and do that well, as opposed to simply trying to do a little bit in a number of widely disbursed areas.

I do think you have laid out a provocative list. I wonder if there is anything more you would like to say about it, or anything the rest of you would like to say along these lines.

What kinds of areas might we de-emphasize in the current budgetary climate for the sake of doing of what we all agree needs to be done in the truly critical areas like student assistance?

Let me ask you, first, to start us, Dr. Hemby. What kind of thread goes through your suggestions. What is implied in terms of what you think the Federal mission ought to be? What is the real heart of this and can you generalize about what areas might best be left to other players?

Mr. HEMBY. I tried to hit those in my initial testimony, but the basis and the logic of what I am saying is that we can provide addi-

tional monies in all the ways that have been suggested for student assistance, both at the part-time level and full-time level, and a host of other ways.

I think we can then begin to address many of—that is, a top priority in my opinion, of all the funding that goes, obviously 95 percent of the Higher Education Act goes for that now.

But that is the most important thing that happens. Some of the things that I mentioned as being eliminated or reduced were areas—and really, more by way of example than they were in actual dollar savings.

It seems to me that there are a number of things in the partnerships, for example, Chancellor Monteith alluded earlier in his testimony to the very effective ways that N.C. State University has done a Co-op program and many places around the country are trying to emulate that.

That is a very, very strong program that all of us, including people sitting at this table, would do well to take note of. However, it does seem to me that that is the kind of thing that needs to come primarily from the institution.

The same thing is true in terms of cooperative efforts with the non-traditional student with the private and public sector and cooperation to provide certain programs and so on.

This is a marvelous program, a great thing to do, but it seems to me it ought to be engineered and motivated from the institution itself, rather than paid for or initiated. Even if you are not allocating certain dollars, there has to be some money spent with personnel and office business and so on. That is the rationale, Congressman Price, of what I am saying.

Mr. PRICE. Do any of you have any elaboration that you would like to offer?

Mr. PAGE. I would agree with that basic approach. Some of these things I am surprised to see as part of this in terms of the primary infancies of the overall Higher Education Act. It seems to me that the libraries, technology, and the financial assistance programs are of utmost importance to me.

Mr. PRICE. Thank you, sir.

Chairman SAWYER. I don't mind intruding on the lunch hour, if nobody else does. I just have a couple of other questions that I would like to touch on.

Part of our problem is, just as an observation, part of our problem is that the very programs that we are talking about today were designed at times when family support was geared around parents, plural. In the prime of their highest earning years, they were providing a significant segment of support to young students.

Forty, and in some institutions, a much higher percentage of the student body is made up of just the reverse of that. Where young parents, trying to support families of their own are trying to get through undergraduate and post-graduate programs for all the reasons that you have mentioned. It seems to me that in many ways we have reached the end of a designed era and may need to begin to visit questions of significantly re-designed in the face of enormous transitions in this country.

Having said that, I noticed, Dr. Robinson, that at Saint Augustine's, there is enormous attrition between freshmen and senior

years, from about 1,000 down to 200. How much of this is a matter of financial problems?

Mr. ROBINSON. Between the freshman year and the senior year?

Chairman SAWYER. Right. Did I say the reverse of that? I apologize. How much of that is the product of a financial drop-out?

Mr. ROBINSON. Sixty-five to 70 percent of that is related to finance, to money. I mean, it is just that. I can be that specific in saying that 65 to 70 percent of that is related directly or indirectly to finance.

You know, you have instances of kids that are coming from families where the gross income in that family of two or three kids, that gross income is $15,000 and less.

You have some built-in problems there and at institutions like Saint Augustine's where, as I said earlier, 90 percent of the students are receiving some form of financial aid. It does cause, increasingly, some very difficult problems.

We have tried to approach it from the point of view that students who come from families who can't pay the larger portion of their charges being made. When you do that, what you are doing is eliminating hundreds of young people who have the potential, but simply don't have the funds to make it.

And as an aside, I guess what worries me to no end, and as one American very proud of his country—and you mentioned it, Congressman, as we look to the 21st century and beyond, I just hope our distinguished Congress is increasing the confidence in the fact that what is happening in terms of the demographics out there, who is going to be prepared to pay for the social security that you and others will be receiving when you get to 65 years old and beyond, unless we have a trained work force.

So many of these young people in college within the minority community are not going to be prepared to become productive, and therefore that earning capacity is not going to be there, and if it is not there, who is going to be available to take care of us?

Chairman SAWYER. I have one final question that I want to ask you. It derives from the comments that Dr. Jenkins and Dr. Hemby made, although I suspect that you have all been thinking about the 2.0 GPA question.

It goes back to a question that we touched on earlier and that is not only are we dealing with tensions between grants and loans, we are dealing with a student assistance program that spans many different kinds of institutions.

Some of these do not even measure student performance in anything approaching the same terms that all of you at this table have in common. We are dealing with the tension among very different kinds of institutions.

How does the GPA proposal fit when we are talking about different kinds of skills? Evaluate it in different kinds of ways.

Mr. HEMBY. Well, the whole purpose of what I said was some sort of monitoring and conditioning of grants, and I used the GPA of 2.0, C average definition simply to make that point.

It would seem to me that in proprietary schools and others where these funds are available, that there has to be some measure of performance.

Surely, in most places where the funds are available, there is some kind of measure for points. It might not be grade measurement, but some other measurement which would be applicable and perhaps comparable to what we are talking about here.

But it seems to me to be insane to spend money—anybody's money, public or private—on situations where the performances are lagging so far behind that it is simply not cost-productive in any way, shape or form. It is one of the reasons I added the possibility that if they don't complete the programs, grant lay backs.

Mr. JENKINS. I would agree, but I think that almost any institution that has a program has to have some means of trying to determine how a student is doing in that program. And it may not be a 2.0 or a letter grade, but it will be some kind of criteria they use.

I think that can be applied or adjusted. I think the—we may not get in the sweep on every institution, but I think the benefit impact would be so great that we will make some mistakes in the adjustments we make, but I think it is worth doing.

Chairman SAWYER. What you are really talking about is satisfactory progress toward the completion of the useful purpose of——

Mr. JENKINS. Yes, that is right.

Chairman SAWYER. But not necessarily the hard grade point.

Mr. BURNESS. But even with satisfactory progress, some things occur. The dilemma of, say a single parent who has to be in and out of it, and therefore may not for a year be able to go back to school, you know, gets caught up in this, is there satisfactory progress?

You have got a chance to lose that percentage of a four year undergraduate degree and it is almost a relic, given the way we are today.

Chairman SAWYER. Thank you all very much. You have been a terrific panel.

For those of you who were not here earlier, the full text of your statements will be part of the record. Feel free to summarize or depart from them as best serves the message that you hope to share with us today.

Our third panel this afternoon, dealing with Title IV, the Student Financial Aid, is comprised of Matthew Heyd, the student body president, University of North Carolina; Hasoni Andrews, a student at North Carolina State University; James Belvin, Director of financial aid at Duke; Larry Garrison, director of financial aid at Western Piedmont College; Sherry Avent, a student aid officer at Saint Augustine's College; Eleanor Morris, director of financial aid at the University of North Carolina; and Steven Hitchner, director of ECPI Institute.

Thank you all for being here. We will begin at my left.

STATEMENT OF MATTHEW F. HEYD, STUDENT BODY PRESIDENT, UNIVERSITY OF NORTH CAROLINA

Mr. HEYD. Members of the committee, I am honored to be asked to testify on the reauthorization of the Higher Education Act of 1965. I will try to complement rather than repeat the testimony of Paul Hardin, III and Eleanor Morris.

In the current hard times at Chapel Hill, we feel fortunate to have people like the Chancellor and Mrs. Morris whose concern and commitment for student aid runs deep.

I will talk this afternoon specifically about Chapel Hill, but the trends of State budget crisis and increasing student debt burdens are national problems.

In the last several years, financial aid has become an issue of wide student concern at Chapel Hill. There have been pan-university conferences on financial aid sponsored by students in each of the last 2 years, the first resulting in support for undergraduate scholarships funded through student fees.

Obviously, student aid and implicitly financial accessibility to higher education is a concern at every college and university, but several factors have worked together to make it a matter of overriding importance to the University of North Carolina at Chapel Hill.

The first factor is waning State support for the university. State financial problems are certainly not particular to North Carolina. The concrete effect of several years of budget straits are a dramatic loss in low and middle level class sections for undergraduates, graduate student support, and library acquisitions.

Less quantifiable, but more to the point of your hearing, is the loss of money for EPA non-faculty personnel that has left the Office of Scholarships and Student Aid understaffed, underfunded to meet the rising demands from students and from the government.

Last spring, students helped to disburse financial aid checks on busy days at the beginning of the semester. Similar plans are being laid for the fall to assist the office in their work. Mrs. Morris and her staff do an excellent job, but have not been given the resources to meet an increasingly varied student demand for aid.

One of Mrs. Morris' priorities is a simplification of forms for financial aid. Such a change would help to offset funding problems for financial aid offices across the country.

The revenue side of the picture is also bleak. Raises in tuition over the last 3 years have had a detrimental effect on students because of their timing and because of a lack of planning in the State legislature for adequate financial aid.

You might know that the tuition at the University of North Carolina at Chapel Hill is the second lowest of any public research university in the United States. Rice is first.

Low tuition in North Carolina is both a tradition and a constitutional mandate, Article 9, Section 9. In the last several years, the legislature has been pushed by growing budget shortfalls to enact tuition increase in 1989 and a fee increase in 1990.

Now budget conferees are currently deliberating over an increase as large as 40 percent for in-state students, with only a 10 percent set aside for financial aid. All were imposed during the summer months, when students are gone and university resources are scattered.

The end result is that the State is creating a greater need for financial aid and doing little to satisfy it. These developments at the State level make Federal participation in aid to higher education

even more essential, and the obvious lack of attention from the State makes your interest all the more laudable.

The situation at Chapel Hill creates a case for well funded financial aid with a campus that is, on the whole, middle class and charging relatively low tuition and fees.

The average amount borrowed by both in-state and out-of-state students at UNC-CH has risen each of the last several years, and the percentage of students owing $3,000 or more has gone up as well.

The graduate picture is even more cloudy, as the legislature has slashed funding for graduate stipends in the division of academic affairs.

Federal aid becomes more important as other sources of aid are reduced. The sources of aid from within the University, graduate teaching assistantships, and extractions of profits from our student stores and the Carolina Inn have dropped precipitously because of the current recession and rigorous application of State laws previously not applied to the university.

Further specifics of Federal aid are best left to Mrs. Morris and others. I want to be clear, though, about the qualitative impact that your deliberations will have on higher education and education at Carolina.

A study done by students several years ago showed that Chapel Hill students were becoming increasingly affluent, that those needing assistance for higher education were increasingly left behind.

Your decisions about raising both the level of direct grants in the aid will have a profound effect on whether the trend towards financial accessibility will continue or whether the vision of higher education limited only be merit can be closer to reality once again.

Thank you again for your time and energy in this area. Students at Carolina appreciate your efforts.

[The prepared statement of Matthew F. Heyd follows:]

Statement

to the
Subcommittee on Postsecondary Education
Committee on Education and Labor
United States House of Representatives

28 June 1991

by

Matthew F. Heyd
Student Body President
The University of North Carolina at Chapel Hill

Members of the Committee: I am honored to be asked to testify on the reauthorization of the Higher Education Act of 1965. I will try to complement rather than repeat the testimony of Paul Hardin, III and Eleanor Morris. In the current hard times at Chapel Hill, we feel fortunate to have people like the Chancellor and Mrs. Morris whose concern and commitment for student aid runs deep. I will talk this afternoon specifically about Chapel Hill, but the trends of state budget crisis and increasing student debt burdens are national problems.

In the last several years financial aid has become an issue of wide student concern at Chapel Hill. There have been pan-university conferences on financial aid sponsored by students in each of the last two years, the first resulting in support for undergraduate scholarships funded through student fees. Obviously, student aid (and implicitly financial accessibility to higher education) is a concern at every college and university, but several factors have worked together to make it a matter of overriding importance to the University of North Carolina at Chapel Hill. The first factor is waning state support for the University. State financial problems are certainly not particular to North Carolina. The concrete effect of several years of budget straits are a dramatic loss in low and middle-level class sections for undergraduates, graduate student support, and library acquisitions. Less quantifiable, but more to the point of your hearing, is the loss of money for EPA non-faculty personnel that has left the Office of Scholarships and Student Aid understaffed and underfunded to meet the rising demands from students and from the government. Last spring, students helped to disperse financial aid checks on busy days at the beginning of the semester. Similar plans are being laid for the fall to assist the office in their work. Mrs. Morris and her staff do an excellent job, but have not been given the resources to meet an increasingly varied student demand for aid. One of Mrs. Morris's priorities is a simplification of forms for financial aid. Such a change would help to offset funding problems for financial aid offices.

The revenue side of the picture is also bleak. Raises in tuition over the last three years have had a detrimental effect on students because of their timing and because of a lack of planning in the state

legislature for adequate financial aid. You might know that the tuition at the University of North Carolina at Chapel Hill is the second lowest of any public research university in the United States. Rice University is first. Low tuition in North Carolina is both a tradition and a constitutional mandate (Article 9, Section 9). In the last several years, the legislature has been pushed by growing budget shortfalls to enact a tuition increase in 1989 and a fee increase in 1990. Budget conferees are currently deliberating over an increase as large as forty percent for in-state students, with only a ten percent set aside for financial aid. All were imposed during the summer months, when students are gone and University resources are scattered. The end result is that the state is creating a greater need for financial aid and doing little to satisfy it. These developments at the state level make federal participation in aid to higher education even more essential, and the obvious lack of attention from the state makes your interest all the more laudable.

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whether the trend towards financial accessibility will continue, or whether the vision of higher education limited only be merit can be closer to reality once again.

Thank you again for your time and your energy in this area. Students at Carolina appreciate your efforts.

Chairman SAWYER. Thank you very much for your testimony. We will need to have copies of your statement for the record.

Ms. Andrews?

STATEMENT OF HASONI ANDREWS, STUDENT, NORTH CAROLINA STATE UNIVERSITY

Ms. HASONI. Good afternoon, Mr. Chairman. My name is Hasoni Andrews from Fayetteville, North Carolina, and I am currently a rising junior here at North Carolina State University.

I am majoring in accounting. Upon graduation, I plan on becoming a CPA and attending graduate school, where I hope to acquire my master of business administration. My long term goal is to own and operate a chain of retail women's apparel stores. My objective is to sell apparel that will allow women to go from the bedroom to the boardroom to the ballroom.

My current goal is to graduate from N.C. State. For me, to attend a college has been a dream come true, because you see, I come from a divorced, single parent home. When I was a senior in high school, I knew that I wanted to go to college but neither my mother nor I knew how we would afford it.

I filled out a financial aid form, along with college admissions applications, housing forms, and other paperwork. The most complicated, but the most important form was the financial aid form. Approximately a month after sending off this form, I received information back from the college foundation stating that I was eligible for the Pell grant.

I was glad to know that I qualified for the Pell grant, but my mother and I were both scared that the grant would be all the aid I received, which would not be enough to cover all of my college expenses.

In panic, we went to N.C. State's financial aid office. There we spoke with a wonderful lady who explained to us how aid is awarded and that the Pell grant would not be all the aid I would receive.

In fact, I received college work study, a Perkins loan, a Supplemental Educational Opportunity Grant, a Stafford loan, in addition to the Pell grant. Upon Ms. Moore's explanation, my mother and I began to cry. My dream was about to become a reality. I would be able to go to college.

Since coming to N.C. State, I have had the opportunity to become a member of the student government association, health services committee, the peer mentor program, treasurer of the undergraduate studies program, and Alpha Kappa Alpha, a service sorority, to name a few.

In addition to these many activities, I also work with the university dining experience program as a student manager in the dining hall. I work there approximately 25 hours each week and at J.C. Penney's approximately 10 hours a week.

Attending college has made me aware of many social, economic, and environmental problems which in turn has made me become an active participant in trying to change and alleviate those concerns.

There are so many students just like myself. They have the desire to attend college and make a difference but do not have the

financial resources to accomplish their goals. With tuition increases, and financial aid decreases, our country will not be able to compete with the Japanese and other progressive countries whose main focus is on education.

If we do not take the opportunity now to make a short term investment for a long term benefit, we will no longer maintain our status as the great United States of America.

I would like to thank the government, you and your colleagues in Congress, for enabling me to achieve my goals. I am confident that your investment in me will pay off in a great dividends.

Thank you.

[The prepared statement of Hasoni Andrews follows:]

TESTIMONY TO THE
HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

June 28, 1991
Raleigh, North Carolina

Miss Hasoni Andrews
North Carolina State University

Good afternoon, Mr. Chairman. My name is Hasoni Andrews, from Fayetteville, North Carolina, and I am currently a rising junior here at North Carolina State. I am majoring in accounting. Upon graduation, I plan on becoming a CPA and attend graduate school, where I hope to acquire my Master of Business Administration. My long-term goal is to own and operate a chain of retail women's apparel stores. My objective is to sell apparel that will allow women to go from the bedroom to the board room to the ballroom.

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Since coming to N.C. State, I have had the opportunity to become a member of the Student Government Association, Health Services Committee, the Peer Mentor Program, Treasurer of the Undergraduate Studies Program, and Alpha Kappa Alpha, a service sorority, to name a few. In addition these many activities, I also work with University Dining Experience Program as a student manager in the dining hall. I work there approximately 25 hours each week and at J.C. Penney's approximately 10 hours a week.

Attending college has made me aware of many social, economic, and environmental problems, which in turn has made me become an active participant in trying to change and alleviate these

concerns. There are so many students just like myself. They have the desire to attend college and make a difference but do not have the financial resources to accomplish their goals. With tuition increases and financial aid decreases, our country will not be able to compete with the Japanese and other progressive countries whose main focus is on education. If we do not take the opportunity now to make a short term investment for long-term benefit, we will no longer maintain our status as the great United States of America.

I would like to thank the government, you and your colleagues in Congress for enabling me to achieve my goals. I am confident that your investment in me will pay off in great dividends. Thank you.

Chairman SAWYER. We are too.

STATEMENT OF JAMES A. BELVIN, JR., DIRECTOR OF FINANCIAL AID, DUKE UNIVERSITY

Mr. BELVIN. I am Jim Belvin. I am from Duke University and I am pleased to have the opportunity to discuss with you a number of issues that I think are very important to our future.

Several basic points, the first of which is simplification. There is a great deal of talk in the Congress and in the country about simplification. I would like to cast simplification if I can in a different light.

Most of the talk about simplification has suggested that in fact, the only way we can simplify the application or the delivery system is by creating a very simple four or five element form.

I would like to suggest to you that that in fact is not true simplification. What I would like to suggest to you is that in fact, we have a system that allows those who will not qualify for financial aid and can be defined early on to bypass the application process.

I am sure you have seen some proposals on this idea, but the issue that is so important to simplification is to move those who have knowledgeability through the process without difficulties. We do not want to move those with complex and difficult situations through the process without careful analysis.

Public assistance eligibility is a nationally understood status that clearly defines a family as needy. It is predetermined and easily accepted as a maximum and eligibility qualifier. Applicants failing to qualify for such an application bypass, i.e., those with the ability to contribute at some level to the cost of their student's education, would be required to complete the balance of the aid application and undergo full need analysis.

After many years of effort, the financial aid community, inclusive of the Department of Education, State loan and grant agencies, application processing services and educational institutions nationwide, developed a consensual community monitored and annually updated approach to the financial aid delivery system.

The resulting Multiple Data Entry System, MDE, immediately ended the rapidly growing practice of individual fund sources requiring separate applications. The acceptance of this document was accomplished through an educational community agreement to allow students to submit one document and be considered for aid from all sources.

This acceptance was based on the fact that the document contained sufficient information to satisfy the needs of all users. Failure to use an application that is acceptable to all of the resource providers in the financial aid partnership, as is currently being suggested, is certain to end the current practice of one form serving all constituents.

As suggested by the Department of Education's current insistence on a federally specified, limited information application for Federal funds, institutions (to include many State grant/loan agencies, private scholarship organizations, and many colleges and universities) offering substantial resources to students would immedi-

ately develop individual applications to support the expenditure of their own private funds.

Because Federal funding levels are not sufficient to provide access to a substantial percentage of the institutions in this country, it is important to consider the consequences in this country. It is important to consider the consequences of an overly-simplified application process that fails to support the needs of all the numerous resource providers upon which the delivery system now depends.

The simplification process would fail and, incidentally, return us to the confusing proliferation of applications that M.D.E. served to remedy. To return to a situation where students are required to complete a number of applications to obtain needed funds would be a disaster. I strongly recommend the combination of recommendation one and two of this paper to create an M.D.E. application that includes an application bypass.

Many believe that eliminating or restricting asset consideration in need analysis will provide more eligibility for these families and they are correct. While I am in favor of providing additional resources to middle income families, it is important to do so without reducing the funds available to needy families.

Eliminating or severely restricting asset consideration without substantially increasing the availability of Federal aid resources will transfer funds from low to middle income families. As the group most sensitive to aid availability, enrollment within lower income families would decline significantly. Minorities and first generation college students that we have encouraged to believe that higher education is within reach would be particularly affected.

I strongly recommend that equity assets continue to be a part of determining family ability to support the cost of education. The Stafford Loan Program has for some time been an integral part of the financing structure used by both undergraduate and graduate students. Increasing educational costs and reduced Federal grant support make Stafford availability more important than ever. This said, I recommend that Stafford Loan limits be increased as follows:

Current law requires that all institutions comply with default prevention requirements regardless of their student default rate. Given the burdensome nature of these requirements (entrance/exit interviews, 30-day waiting periods, et cetera), it seems appropriate to reward those schools with good student repayment records with relief from these regulations.

While it is not easy to determine an acceptable default rate, we can perhaps use the commercial lending market as a guide. Banks and other lenders know that a certain percentage of their secured loans will result in default. If we weigh this experience with secured loans by the fact that we are making unsecured loans to students without a credit history, we can arrive at a reasonable target for institutions.

While it may be appropriate to have different targets for different types of institutions, the fact is schools with default rates below their target should be freed for burdensome regulatory requirements and allowed to commit their own resources to other student

support needs. Those schools with defaults exceeding their targets should be burdened with additional requirements until such time as they reach their targets.

The tax code is structured to create certain kinds of behavior, i.e., property ownership. This behavior is encouraged to view student loans as a desirable form of higher education finance. Providing an interest deduction for student loan payments would encourage this kind of behavior. I recommend that Congress restore the deduction for student loan interest.

My comments have centered around three of the most compelling issues facing the financial aid community: the delivery system in the form of simplification, the question of asset treatment and the Stafford Loan Program, to include lending limits, loan collection and interest deductibility. I believe these issues to be critical to refining the current financial aid structure so that it may continue to attract the range of participants currently involved.

Thank you for the opportunity to appear before you today.

[The prepared statement of James A. Belvin, Jr. follows:]

Duke University
DURHAM
NORTH CAROLINA
27706

UNDERGRADUATE FINANCIAL AID OFFICE

2106 CAMPUS DRIVE
919 684 6225

STATEMENT

to the

HOUSE POSTSECONDARY EDUCATION SUBCOMMITTEE

Raleigh, North Carolina

June 28, 1991

by

James A. Belvin, Jr.

Director of Financial Aid

DUKE UNIVERSITY

Durham, North Carolina

Mr. Chairman and Members of the Subcommittee:

I am Jim Belvin, Director of Financial Aid at Duke University in Durham, North Carolina. I have been a financial aid professional for almost 15 years, and during that time, I have had the opportunity to examine financial aid from both a local and national perspective.

I am pleased to have the opportunity to participate in this and other discussions about the critically important process of Reauthorizing the Higher Education Act. The financial partnership of federal, state, institutional, and individual families formed some years ago has served our country's higher education needs well during the last thirty-five years. It is a partnership that must be sustained and strengthened by encouraging all parties to participate at appropriate levels so as to protect students' access to the educational resources critical to their future.

No doubt your committee will receive a great deal of testimony dealing with a wide variety of issues affecting all 13 Titles of the Higher Education Act. I will restrict my comments to 6 points pertaining to Title IV of this legislation. These include simplification of the need analysis system, the continuation of the Multiple Data Entry application process, the use of equity assets in determining aid eligibility, an increase

in Stafford Loan borrowing limits, a new approach to the increasingly burdensome regulations surrounding the Stafford Loan Program, and restoration of student loan interest deductibility.

(1) SIMPLIFICATION

Much has been said about the need to simplify the financial aid delivery system. The primary focus of this discussion has centered around the application document itself. The challenge, I believe, is to simplify the financial aid application process while retaining the equitable distribution of dollars inherent in the current system. Some have suggested that simplification can best be achieved by using an application that asks a limited number of questions than can be easily answered by the applicant. For families with limited resources, this is certainly true. For those with more complex situations, more information may be required. Failure to obtain detailed information will affect the distribution of dollars by reducing or eliminating the system's ability to differentiate between varying levels of need.

The integrity of the delivery system must be obvious to all of the system's partners. If the federal and state governments, the private organizations, and colleges and universities that fund the system, as well as the families that seek assistance, are not convinced of the system's fairness, it simply will not work.

True simplification requires more than a streamlining of the financial questions found on the application form. Much of the first page of the application is made up of a maze-like process by which students determine their dependency status. While some would argue that anyone that manages to successfully negotiate the dependency section can handle the financial questions, the simplification of dependency status is critical. I recommend the elimination of all conditional criteria and the simple use of the four automatic criteria currently found in statute.

The current delivery system has served the financial aid partnership well for many years. The current system, however, can and should be changed to respond to the applicant population's changing needs. The key is to make changes where changes are needed without reducing the system's ability to carefully assess a wide range of economic circumstances. Research has shown that a significant portion of the applicant population is unable to contribute to any portion of their student's cost of education. Need analysis at any level will determine that these students have maximum eligibility. This being the case, an "application bypass" that allows these families to easily and quickly define themselves, should permit them to avoid completing the balance of the application. These students would be awarded full aid eligibility. As suggested by a number of groups offering testimony in other forums, I recommend that an applicant's eligibility or, in the case of a dependent student, the parents' eligibility for public assistance

be the qualifying mechanism for application bypass. Public assistance eligibility is a nationally understood status that clearly defines a family as needy. It is predetermined and easily accepted as a maximum and eligibility qualifyer.

Applicants failing to qualify for such an "application bypass," i.e., those with the ability to contribute at some level to the cost of their student's education, would be required to complete the balance of the aid application and undergo full need analysis.

(2) MULTI DATA ENTRY

After many years of effort, the financial aid community, inclusive of the Department of Education, state loan and grant agencies, application processing services and educational institutions nationwide, developed a consensual community monitored and annually updated approach to the financial aid delivery system. The resulting Multiple Data Entry System (M.D.E.) immediately ended the rapidly growing practice of individual fund sources requiring separate applications. The acceptance of this document was accomplished through an educational community agreement to allow students to submit one document and be considered for aid from all sources. This acceptance was based on the fact that the document contained sufficient information to satisfy the needs of all users. Failure to use an application that is acceptable to all of the

resource providers in the financial aid partnership (as is currently being suggested) is certain to end the current practice of one form serving all constituents. As suggested by the Department of Education's current insistence on a federally specified, limited information application for federal funds, institutions (to include many state grant/loan agencies, private scholarship organizations, and many colleges and universities) offering substantial resources to students would immediately develop individual applications to support the expenditure of their own private funds.

Because federal funding levels are not sufficient to provide access to a substantial percentage of the institutions in this country, it is important to consider the consequences of an overly simplified application process that fails to support the needs of all the numerous resource providers upon which the delivery system now depends. The simplification process would fail and, incidentally, return us to the confusing proliferation of applications that M.D.E. served to remedy. To return to a situation where students are required to complete a number of applications to obtain needed funds would be a disaster. I strongly recommend the combination of recommendation one and two of this paper to create an M.D.E. application that includes an "application bypass."

(3) ASSETS IN NEED ANALYSIS

Much has been said regarding Congressional interest in increasing the aid eligibility of middle income families. Many believe that eliminating or restricting asset consideration in need analysis will provide more eligibility for these families and they are correct. While I am in favor of providing additional resources to middle income families, it is important to do so without reducing the funds available to needy families. Eliminating or severely restricting asset consideration without substantially increasing the availability of federal aid resources will transfer funds from low to middle income families. As the group most sensitive to aid availability, enrollment within lower income families would decline significantly. Minorities and first generation college students that we have encouraged to believe that higher education is within reach would be particularly affected.

I strongly recommend that equity assets continue to be a part of determining family ability to support the cost of education.

(4) STAFFORD LENDING LIMITS

The Stafford Loan Program has for sometime been an integral part of the financing structure used by both undergraduate and graduate students. Increasing educational costs and reduced federal grant support make Stafford availability more important

than ever. This said, I recommend that Stafford Loan limits be increased as follows:

	CURRENT	RECOMMENDED
Freshman and Sophomore	$ 2,500 annually	$ 4,000 annually
Juniors and Seniors	4,000 annually	6,000 annually
Undergraduate	**17,250 aggregate**	**26,000 aggregate**
Graduate	7,500 annually	10,000 annually
Graduate	**54,750 aggregate**	**76,000 aggregate**

(5) STAFFORD REGULATION EXEMPTION

Current law requires that all institutions comply with default prevention requirements regardless of their student default rate. Given the burdensome nature of these requirements (entrance/exit interviews, 30 day waiting periods, etc.), it seems appropriate to reward those schools with good student repayment records with relief from these regulations. While it is not easy to determine an "acceptable" default rate, we can perhaps use the commercial lending market as a guide. Banks and other lenders know that a certain percentage of their secured loans will result in default. If we weight this experience with secured loans by the fact that we are making unsecured loans to students without a credit history, we can arrive at a reasonable target for institutions. While it may be appropriate to have different targets for different types of institutions, the fact is schools with default rates below their target should be freed

from burdensome regulatory requirements and allowed to commit their own resources to other student support needs. Those schools with defaults exceeding their targets should be burdened with additional requirements until such time as they reach their targets.

(6) DEDUCTIBILITY OF STUDENT LOAN INTEREST

The tax code is structured to create certain kinds of behavior, i.e., property ownership. This behavior is encouraged by favorable tax treatment such as mortgage interest deductibility. I believe that students should be encouraged to view student loans as a desirable form of higher education finance. Providing an interest deduction for student loan payments would encourage this kind of behavior. I recommend that Congress restore the deduction for student loan interest.

My comments have centered around three of the most compelling issues facing the financial aid community. The delivery system in the form of simplification, the question of asset treatment and the Stafford Loan Program, to include lending limits, loan collections and interest deductibility. I believe these issues to be critical to refining the current financial aid structure so that it may continue to attract the range of participants currently involved.

Thank you for the opportunity to appear before you today. I would be pleased to answer any questions.

Chairman SAWYER. Thank you, Mr. Belvin.
Mr. Garrison, are you ready?

STATEMENT OF LARRY K. GARRISON, DIRECTOR, FINANCIAL AID, WESTERN PIEDMONT COLLEGE, MORGANTON, NORTH CAROLINA

Mr. GARRISON. Thank you. Good afternoon. I am Larry Garrison, the Director of Financial Aid at Western Piedmont College in Morganton. The North Carolina Community College Student Development Administrators Association has asked me to speak to you on behalf of the students that attend the 58 community colleges in North Carolina.

I hope the comments I make will be helpful as you make decisions about the reauthorization of Title IV Programs in the coming year. Before I make my comments concerning reauthorization, let me briefly give you some statistics about the students attending Western Piedmont Community College.

This data appears to be comparable with many of the community colleges in North Carolina. The 1990 fall quarter enrollment at Western Piedmont Community College was 2,765 (1,935 full-time equivalents).

During the 1990-91 academic year, 627 financial aid applicants qualified to receive some type of aid. Of those applicants, 77 percent were independent students. More than 50 percent of the eligible applicants came from families with incomes of less than $15,000. Eighty-two percent of our 460 Pell Grant recipients were women. Approximately 60 percent of these women were single parents or received some type of public assistance (AFDC, Food Stamps, Public Housing Assistance, etcetera).

There are six main topics I would like to address concerning reauthorization.

First, I feel the application process for Federal aid should be simplified. When I give an application booklet to a student who has just completed his GED or is returning to school after 20 years, you should see the fear in his eyes. As a matter of fact, most of our students seek help in completing the financial aid applications the way you and I seek assistance from our accountants to complete our tax forms for the Federal Government. Remember that the instructions are twice as long as the application.

Believe me, the thought of completing a financial aid application strikes fear into most students the way filing a Federal Income Tax Form (1040) strikes fear into most Americans. As a matter of fact, most of our students seek help in completing their financial aid application the way you and I seek assistance from our accountant or H&R Block to complete our tax forms.

What can be done to simplify this process? I offer these suggestions:

Students (or dependents of parents) who receive funds from public assistance should automatically qualify for full financial assistance. These students would simply check a response in the student data section to indicate that they receive public assistance. Other income and asset data would no longer be required.

The number of questions on the application should be reduced for other low-income students. Students whose family income is less than $20,000 should not be required to answer asset information.

The number of questions concerning a student's dependency status must be reduced. On the 1991-92 application, there are 21 possible questions to determine dependency status.

Second, Pell Grant awards must be increased because they are the most important type of financial assistance for community college students. During the 1989-90, 18,000 students in the North Carolina Community College Systems received more than $16 million in Pell Grant funds (an average award of $901 per student). I recommend that the maximum Pell Grant award be increased to $4,000 per year.

My rationale for this recommendation is as follows:

Parents (especially single parents) who currently receive Pell Grant funds for child care assistance are usually receiving less than 60 percent of the actual cost of the child care. Only students with a Pell Grant Index (PGI) of less than $700 are eligible for child care assistance from the grant. It has been my experience that the roadblock facing most single parents in obtaining an education has been securing child care assistance at a reasonable price.

Pell Grant funding has not kept up with the increase in tuition, fees, books, and supplies during the last decade. The best example I can think of is our Nursing Program. We now project it will cost a nursing student $1,800 for the first year of the program. Last year at Western Piedmont Community College, a dependent student eligible for a full Pell Grant received $1,230 and an independent student received $1,590. As you can see, the Pell Grant was considerably less than the actual cost of education. Dependent students who meet the special condition criteria should be allowed to use their projected year income to determine Pell Grant eligibility.

I believe that a dependent student who has lost his social security benefits or is no longer working full time deserves the same consideration for a special condition as an independent student.

Third, students who are attending college on less than a half-time basis should be eligible for Pell Grants. While this situation represents a paperwork nightmare for the financial aid office, many students find it difficult to arrange their life to take two classes each quarter. Single parents who are working full time find it especially difficult. Remember that the community college serves a population that has been labeled nontraditional. Why should they have to matriculate in a manner that is traditional?

Fourth, funding for campus-based programs should be increased, especially for the college work-study program. Work-study helps many students gain valuable experience in their area of study; it gives students a sense of self-worth and achievement, and helps them identify with instructors and the institution.

During the last 3 years, the minimum wage has increased from $3.35 to $4.25, but funding for the work-study program has not kept pace with this increase. Many institutions have found it necessary to reduce the number of work-study positions and to reduce the number of hours a student can work. I feel that the concept of

working your way through college is a sound investment for the student and the institution.

Fifth, the financial aid office should be given more flexibility as to how the institutions be given the authority to transfer 25 percent of its allocation between college work-study and the Supplemental Educational Opportunity Grant [SEOG) instead of the current 10 percent. This change would give the financial aid office an opportunity to better meet the needs of its students and that of the institution.

Sixth, I strongly suggest that the current policy stand that requires the financial aid office to give priority for SEOG funds to students who receive a Pell Grant and have the lowest family contribution (FC).

Students with low-family contributions have demonstrated critical need through the need analysis. Students who are transferring from community colleges to four-year colleges and universities must now be treated equally when SEOG funds are awarded. For example, students who attend off-campus or satellite programs have been excluded from SEOG funds in the past.

The lack of funding for Pell Grants and campus-based programs has prompted many of our students to seek Stafford Loans to meet their basic educational costs. Many of our low-income students are poor credit risks. During the 1990–91 academic year, approximately 20 percent of the students at Western Piedmont Community College who applied for a Stafford Loan through the North Carolina Guarantee Agency were denied the loan due to a poor credit history.

If these students borrow from another lender, they become prime candidates for default. As you know, institutions are held responsible when established percentages of their at-risk students default. Since institutions are held responsible for their high-risk default rates, they should be given more authority in determining Stafford Loan eligibility.

I urge you to consider these recommendations so that our students can continue to obtain a quality education at an affordable price without having to borrow heavily from the Stafford Loan Program.

Thank you for your time and your consideration.

[The prepared statement of Larry K. Garrison follows:]

Testimony on Reauthorization of the Higher Education Act

By

LARRY GARRISON
Director of Financial Aid
Western Piedmont Community College
1001 Burkemont Avenue
Morganton, North Carolina

Presented to

Field Hearing
House Postsecondary Education Subcommittee
Raleigh, North Carolina
June 28, 1991

The North Carolina Community College Student Development Administrators Association has asked me to speak to you on behalf of the students that attend the 58 community colleges in North Carolina. I hope the comments I make will be helpful as you make decisions about the reauthorization of Title IV Programs in the coming year.

Before I make my comments concerning Reauthorization, let me briefly give you some statistics about the students attending Western Piedmont Community College. This data appears to be comparable with many of the community colleges in North Carolina.

-The 1990 Fall Quarter enrollment at Western Piedmont Community College was 2,765 (1,935 full-time equivalents).

-During the 1990-91 academic year, 627 financial aid applicants qualified to receive some type of aid. Of those applicants, 77% were independent students.

-More than 50% of the eligible applicants came from families with incomes of less than $15,000.

-82% of our 460 Pell Grant recipients were women. Approximately 60% of these women were single parents or received some type of public assistance (AFDC, Food Stamps, Public Housing Assistance, etc.).

There are six main topics I would like to address concerning Reauthorization.

First, I feel the application process for federal aid should be simplified. When I give an application booklet to a student who has just completed his GED or is returning to school after 20 years, you should see the fear in his eyes. Remember that the

instructions are twice as long as the application. Believe me, the thought of completing a financial aid application strikes fear into most students the way filing a Federal Income Tax Form (1040) strikes fear into most Americans. As a matter of fact, most of our students seek help in completing their financial aid application the way you and I seek assistance from our accountant or H & R Block to complete our tax forms. What can be done to simplify this process?

I offer these suggestions:

1. Students (or dependents of parents) who receive funds from public assistance should automatically qualify for full financial assistance. These students would simply check a response in the student data section to indicate that they receive public assistance. Other income and asset data would no longer be necessary.
2. The number of questions on the application should be reduced for other low-income students. Students whose family income is less than $20,000 should not be required to answer asset information.
3. The number of questions concerning a student's dependency status must be reduced. On the 1991-92 application, there are 21 possible questions to determine dependency status.

Second, Pell Grant awards must be increased because they are the most important type of financial assistance for community college students. During the 1989-90, 18,000 students in the North Carolina Community College System received more than 16 million dollars in Pell Grant funds (an average award of $901 per student). I recommend that the maximum Pell Grant award be

increased to $4,000 per year. My rationale for this recommendation is as follows:

1. Parents (especially single parents) who currently receive Pell Grant funds for child care assistance are usually receiving less than 60% of the actual cost of the child care. Only students with a Pell Grant Index (PGI) of less than 700 are eligible for child care assistance from the grant. It has been my experience that the road block facing most single parents in obtaining an education has been securing child care assistance at a reasonable price.
2. Pell Grant funding has not kept up with the increase in tuition, fees, books, and supplies during the last decade. The best example I can think of is our Nursing Program. We now project it will cost a nursing student $1,800 for the first year of the program. Last year at Western Piedmont Community College, a dependent student eligible for a full Pell Grant received $1,230 and an independent student received $1,590. As you can see, the Pell Grant was considerably less than the actual cost of the education.
3. Dependent students who meet the special condition criteria should be allowed to use their projected year income to determine Pell Grant eligibility. I believe that a dependent student who has lost his social security benefits or is no longer working full-time deserves the same consideration for a special condition as an independent student.

Third, students who are attending college on less than a half-time basis should be eligible for Pell Grants. While this situation presents a paper work nightmare for the financial aid

office; many students find it difficult to arrange their life to take two classes each quarter. Single parents who are working full-time find it especially difficult. Remember that the community college serves a population that has been labeled "non-traditional". Why should they have to matriculate in a manner that is traditional?

Fourth, funding for campus-based programs should be increased, especially for the College Work-Study Program. Work-Study helps many students gain valuable experience in their area of study; it gives students a sense of self-worth and achievement, and helps them identify with instructors and the institution. During the last three years, the minimum wage has increased from $3.35 to $4.25 but funding for the Work-Study Program has not kept pace with this increase. Many institutions have found it necessary to reduce the number of work-study positions and to reduce the number of hours a student can work. I feel that the concept of "working your way" through college is a sound investment for the student and the institution.

Fifth, the financial aid office should be given more flexibility as to how the institution uses its campus-based allocations. I suggest that institutions be given the authority to transfer 25% of its allocation between College Work-Study and the Supplemental Educational Opportunity Grant (SEOG) instead of the current 10%. This change would give the financial aid office an opportunity to better meet the needs of its students and that of the institution.

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to students who receive a Pell Grant and have the lowest family contribution (FC). Students with low family contributions have demonstrated critical need through the needs analysis. Students who are transferring from community colleges to four-year colleges and universities must now be treated equally when SEOG Funds are awarded. For example, students who attend off-campus or satellite programs have been excluded from SEOG funds in the past.

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As you know, institutions are held responsible when established percentages of their at-risk students default. Since institutions are held responsible for their high default rates, they should be given more authority in determining Stafford Loan eligibility.

I urge you to consider these recommendations so that our students can continue to obtain a quality education at an affordable price without having to borrow heavily from the Stafford Loan Program.

Chairman SAWYER. Thank you. Ms. Avent?

STATEMENT OF SHERRI AVENT, STUDENT AID OFFICE, ST. AUGUSTINE'S COLLEGE, RALEIGH, NORTH CAROLINA

Ms. AVENT. Good afternoon. My name is Sherri Avent, and I am the Director of Financial Aid at St. Augustine's College here in Raleigh, North Carolina.

I graduated from a predominantly black institution in 1977. During that time, I received a large loan along with grants. I paid my loan off within the allotted time frame, but I must say that it was a struggle. It is now 14 years later, and students are still receiving large loan amounts and are having difficulties repaying them.

Students are graduating with loans in excess of $10,000. However, they are unable to find employment paying them a salary needed to maintain a household as well as paying their educational indebtedness.

The Student Aid programs were starting to open doors for those students who would otherwise be unable to attend college without financial support. The majority of our students are first generation college students and from families with moderate to low-incomes. We are dealing with students whose parents cannot afford to assist them with the cost of their education. This lack of support, combined with low paying jobs or no employment at all, contributed significantly to our default rate.

When institutions were first asked to participate in the Student Loan Program, we recognized the benefit was not only to institutions but to lenders and society at large. Our responsibility then, as we understood it, was to only certify loan applications for those students who were eligible. It was the lender and/or guarantee agency's responsibility to handle the collection of the loan.

Had we known initially that we were supposed to assume the burden of counseling and assisting with the collections, then we would have had to think this program over. We are operating the student loan program within Federal and State guidelines. However, with a high default rate, certain institutions may be terminated from participating in the loan program.

I ask you to look at the caliber of students who attend our institutions in addition to the economic status of their family as well as the area where they live. With reauthorization, we are proposing an increase in the amount a student can borrow along with increasing the Pell Grant.

I feel that because of a large number of students defaulting on their loans, we must redirect our funds. Historically black colleges and universities take pride in helping those students who are otherwise unable to attend college.

However, the bulk of that assistance should be in the form of grants and work programs, not a higher loan amount. The work program allows the student to obtain valuable work experienced needed to obtain employment after graduation.

The cost of the institutions along with the number of students in attendance far out-weigh the dollars available for financial assistance. For example, we assist 1700 students with a budget of $11

million. The average student's financial aid package is $6,470. However, the direct cost to attend the institution is $8,150, which leaves each student to pay an estimated $1,680 to meet his/her direct cost.

This is placing an additional burden on the students and parents which may cause the student to withdraw from the institution. By increasing the loan amounts, we are placing an extreme financial burden on our graduates.

I ask you to please let's do more for the students by increasing the grant programs. This will lessen the financial burden on the student as well as assist institutions in decreasing its default rate.

Thank you for allowing me the opportunity to speak before you today.

[The prepared statement of Sherri Avent follows:]

TESTIMONY FROM SHERRI AVENT - ST. AUGUSTINE'S COLLEGE

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helping those students who are, otherwise, unable to attend college. However, the bulk of that assistance should be in the form of grants and work programs not a higher loan amount.

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By increasing the loan amounts, we are placing an extreme financial burden on our graduates. I ask you to please help do more for the students by increasing the grant programs. This will lessen the financial burden on the student as well assist institution in decreasing the default rate.
Thank you for allowing me the opportunity to speak before you today.

Chairman SAWYER. Thank you, Ms. Avent.
Ms. Morris?

STATEMENT OF ELEANOR S. MORRIS, DIRECTOR, FINANCIAL AID, UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL, NORTH CAROLINA

Ms. MORRIS. Congressman Price, and Congressman Sawyer, thank you very much for the opportunity to be here today to discuss the reauthorization of the Higher Education Act. As you have introduced me, I am Eleanor Morris, Director of the Office of Scholarships and Student Aid at the University of North Carolina at Chapel Hill.

Our office has a program of financial aid in excess of $30 million. About $21 million comes from programs authorized by Title IV. We serve about 8,000 students over all and 6,000 graduate and professional students are aided by these programs we are discussing today.

We are also very lucky at Chapel Hill to have students like Matt Hide, who have really expressed an interest in a program and like to help in any way that they can.

We are also deeply grateful to the Members of Congress and to this committee for your continued support of the Federal Student Aid Programs. We share your belief that a strong Federal role in higher education is necessary if this Nation is to move on to its goal of equal educational opportunity.

I would like to comment briefly today on several issues of importance to students who are receiving Title IV assistance at the University of Chapel Hill.

First, it has been a common thread through today's conversations as the need of simplification of the aid programs. I believe that the greatest barrier to higher education today is not the lack of student aid resources, but the complexity of the system, the lack of information, and the fact that the delivery system is so very complicated and overwhelming.

I would like today to support several suggestions for implication, many of which have already been introduced and have come in testimony by others prior to today's hearing. I understand that many of these ideas for simplification are included in legislation recently introduced by Senator Edward Kennedy as Senate Bill 1137.

First of all, I think the application form must be simplified, but not by eliminating questions that are needed by institutions and programs for nonFederal funds. I strongly support the continuation of Multiple Data Entry, in which a student can file one form for Federal, State and institutional assistance.

Our entering students typically apply to several colleges, which may have varying needs for data to make financial aid decisions. If there were again a proliferation of financial aid forms, an oversimplified one for Federal funds and additional documents for supplemental data to allow colleges and programs to make their own decisions abut their own funds, students would find the system more difficult than ever before.

Coordination of the application process can be accomplished only if there is a standard application form simplified and acceptable to

all parties in the delivery of financial aid. I also believe that in the area of simplification that if some of the elements of the Congressional Methodology were eliminated or simplified, that the system, the process, and even the application forms would be greatly improved and simplified.

For example, the methodology calls for a simple needs test for students who fall within certain family income ranges. It has proven to be far less than simple for the relatively small number of students who benefit from this special treatment. Instead, I recommend an automatic measurement eligibility, such as the family's receipt of public assistance, which would allow a student to complete only a minimum number of questions on the standard application form.

Furthermore, I urge that the different treatment of dislocated workers and displaced homemakers in the Congressional Methodology be dropped, allowing aid administrators to give consideration to the students in measuring their need for assistance. These changes to the methodology would simplify both the application form and the need analysis process, without removing the ability to help students with special circumstances.

I support a change in the definition of an independent student, to allow the classification to be based only on the so-called automatic criteria age 24 or older, graduate or professional student, having legal dependents, veterans, and orphans or award of the court.

It is my understanding that nearly 85 percent of students who qualify for financial aid as independent students do so on the basis of these criteria, the remaining 15 percent are independent because they meet certain conditional criteria, such as having proof of financial self sufficiency and not being claimed by parents as tax dependents establishing the definition of an independent student according to the automatic criteria would greatly simplify the form, and students who need special attention because of other conditions could be handled on an individual basis by financial aid administrators.

If such a change were made, the application form could identify independent student status by asking five questions rather than the current 17.

As a simplification issue, I believe that the delivery of Pell Grant funds could be improved by allowing an institution to disburse an award without a student aid report, the document currently required to authorize institutional payment. At the University of North Carolina at Chapel Hill, almost 2,500 students receive Pell Grants and a large number are delayed each year as data must be repeatedly corrected in the central processors records. This leads to student anxiety and frustration when they do not have funds to meet educational and living expenses at the beginning of an enrollment period.

An institution should be given the authority to disburse a Pell Grant on the basis of an eligibility index calculated by certified multiple data entry processor, without requiring a student to present the student aid report.

The accuracy of a Pell Grant payment could be measured by comparing eligibility indexes on institutional disbursement records now collected on periodic progress reports with those computed by

the central processor. I enthusiastically support the attention to be given in the reauthorization process to early awareness programs, to provide better and earlier information to students and their families about academic preparation and the availability of financial aid for higher education.

I am excited about Federal intervention programs, such as the student counseling and association network, introduced by Congressman Thomas Sawyer as H.R. 1524 and the Chance to Go To College Act, H.R. 763, supported by Congressman Harold Ford. These initiations could help provide incentives to young people to stay in school and seek education opportunities beyond high school.

Students who wish to study at the university could benefit by early awareness programs, in meeting academic requirements for entrance and an understanding that aid will be available to supplement resources from the student and the family.

On another issue that is important to students at Chapel Hill, the shift of Federal student aid support from grants to loans has been a real problem. The erosion of the purchasing power of the Pell Grants has known that as costs have gone up, the students have had to borrow more each year to meet their costs. Students accept larger loan bargains or they must work more hours than their academic programs will permit. It has been our experience that the students who are affected by this are primarily from low-income disadvantaged backgrounds and they are the most at-risk for retention.

To restore some of the loan grant balance, I certainly recommend an increase in the amounts of the Pell Grant award. Although I agree that Pell Grants should go to the most needy students, there are many students at the University with family incomes above that arbitrary cut-off whose parents can make no contributions to educational costs. For these students, Pell Grant support is an essential part of their overall funding.

The Stafford Loan Programs have grown and changed more in my years of experience as a financial aid administrator than any other Title IV program. At the University, 3,800 students receive $15 million from the programs authorized in Part B of Title IV. Almost one-half of our total aid resources comes from the Stafford, SLS, and PLUS Programs.

Our graduate and professional students are particularly dependent on these loans to meet a substantial part of their education cost.

In my opinion, the Stafford Loan Program is out of control. It is out of control. It is over-regulated and complicated by different requirements from the various participants. The application process is often inconsistent. Forms vary from one lender to another. And regulations change or are added with great frequency. Repayment procedures are no less complex.

Because our office handles the collection of student-based campus loans, we serve many borrowers who are also in repayment for Stafford Loans. They are often confused about deferment and repayment options, and they may receive less than acceptable service when they try to contact lenders about the status of their loans. The program must be simplified for the sake of both students and institutions.

I suggest that in the reauthorization process, consideration be given to waiving requirements in the Stafford Loan Programs for institutions who meet established standards for administration of the programs.

For example, if the default rate is low at an institution, this should be evidence that students from that school are likely to repay their loans, and the institutions should be exempted from many of the initiatives best directed to schools with high defaults. Regulatory relief is urgently needed, so that institutions can better serve students and assure the viability of the programs.

I encourage the subcommittee to consider seriously the proposal for a direct student loan program which has been introduced by the National Association of State Universities and Land Grant Colleges. This plan will allow schools to make Stafford Loans directly to students, much as Pell Grants and campus-based funds are awarded, without third-party participation by lenders and guarantee agencies.

I know that the proposal is only a framework and the costs have not been calculated, but I hope that it will be explored, not only for its own sake, but also as an opportunity for us to look at the Stafford Loan Program, try to simplify and to bring some consistency among the properties in that process.

Finally, I would like to add that we enthusiastically endorse the legislation introduced by Congressman Price, H.R. 394, to restore the tax deduction for student loan interest and to reduce the tax on scholarships and grants. This certainly is a fine point for students in our school and are very grateful for his interest in it.

Thank you again for this opportunity and for the work that you are sharing with us in trying to make sure that our missions are positive and thank you for this chance to be heard.

Thank you.

[The prepared statement of Eleanor S. Morris follows:]

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STATEMENT TO THE

Subcommittee on Postsecondary Education
Committee on Education and Labor
United States House of Representatives

June 28, 1991

by

Eleanor S. Morris
Director, Office of Scholarships and Student Aid
The University of North Carolina at Chapel Hill

Mr. Chairman, members of the Subcommittee on Postsecondary Education, I appreciate the opportunity to participate today in these hearings about reauthorization of the Higher Education Act of 1965.

I am Eleanor Morris, Director of the Office of Scholarships and Student Aid at the University of North Carolina at Chapel Hill. I speak as a financial aid administrator at a major public institution in this State, a school with a national reputation for excellence in teaching, research and service, and with an enrollment of 14,700 undergraduates and 7,800 graduate and professional students. The Office of Scholarships and Student Aid provides funding and financial aid services to more than 8,000 students each year. We have an aid program in excess of $30,000,000, from which 6,000 students receive $21,000,000 from the programs authorized by Title IV of the Higher Education Act. In addition, we are responsible for collection of federal and institutional student loan funds from 12,000 borrowers with $24,000,000 in outstanding loans.

In 1993, the University at Chapel Hill will celebrate the 200th anniversary of its opening as the first state-owned university in America. Part of the University's treasured heritage has been the commitment that students would have the opportunity for an education here based on their ability to learn, not on their ability to pay. Financial aid programs have made that assurance possible, from the establishment of the first University loan fund in 1879 to the present day, with 70% of our aid resources coming from the programs authorized by Title IV. We are deeply grateful to the members of Congress and this Subcommittee for your continued support of federal student assistance programs. We share your belief that a strong federal role in higher education is necessary if the nation is to accomplish its goal of equal educational opportunity.

Reauthorization of the Higher Education Act gives Congress and the education

community a chance to review and measure the effectiveness of student aid programs and to make improvements for the benefit of students who need financial aid to pursue higher education opportunities. I will comment briefly today on several issues of importance to the students who receive Title IV assistance at the University of North Carolina at Chapel Hill.

First, and most important on my agenda, is a much-needed simplification of the financial aid process. I believe that the greatest barrier to higher education today is not the lack of student aid resources, but the complexity of the system which delivers financial aid to students. I have been a financial aid administrator since 1964, one year before passage of the Higher Education Act of 1965, and the method by which students apply for and receive assistance has never been more intimidating and overwhelming. Students who apply for aid at the University are confused by the application process, the variety of documents to complete and the methodology by which aid eligibility is determined. I wish to support several suggestions, most of which have already been introduced in testimony by the National Association of Financial Aid Administrators, by the College Board and other education associations, as well as by individual financial aid administrators. I understand that many of these ideas for simplification are included in legislation recently introduced by Senator Edward Kennedy as Senate Bill 1137.

- The application form must be simplified, but not by eliminating questions that are needed by institutions and programs for non-federal funds. I strongly support the continuation of Multiple Data Entry, in which a student can file one form for federal, state and institutional assistance. Our entering students typically apply to several colleges, which may have varying needs for data to make financial aid decisions. If there were again a proliferation of financial aid forms - an oversimplified one for federal funds and additional

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documents for supplemental data - our students would find the system more difficult than ever. Coordination of the application process can be accomplished only if a standard form is acceptable to all parties in the delivery of financial aid.

- o The application form could be simplified if some of the questions now mandated by the Congressional Methodology were eliminated. For example, the methodology calls for a "simple needs test," which has proven to be far less than simple for the relatively small number of students who benefit from this special treatment. Instead, I recommend an automatic measurement of aid eligibility, such as a family's receipt of public assistance, which would allow a student to complete only a minimum number of questions on the standard application form. Further, I urge that the different treatment of dislocated workers and displaced homemakers in the Congressional Methodology be dropped, allowing aid administrators to give consideration to these students in measuring their need for assistance. These changes to the methodology would simplify both the application form and the need analysis process, without removing the ability to help students with special circumstances.
- o I support a change in the definition of an independent student, to allow the classification to be based only on the so-called automatic criteria: age 24 or older, graduate or professional student, having legal dependents, veteran, and orphan or ward of the court. It is my understanding that nearly 85% of students who qualify for financial aid as independent students do so on the basis of these criteria; the remaining 15% are independent because they meet certain conditional criteria, such as having proof of financial self-sufficiency and not being claimed by parents as tax dependents. Establishing the definition of an independent student according to the automatic criteria

would greatly simplify the form, and students who need special attention because of other conditions could be handled on an individual basis by financial aid administrators. If such a change were made, the application form could identify independent student status by asking five questions rather than the current 17.

Also as a simplification issue, I believe that the **delivery of Pell Grant funds** could be improved by allowing an institution to disburse an award without a Student Aid Report, the document currently required to authorize institutional payment. At the University of North Carolina at Chapel Hill, almost 2,500 students receive Pell Grants, and a large number are delayed each year as data must be repeatedly corrected in the Central Processor's records. This leads to student anxiety and frustration when they do not have funds to meet educational and living expenses at the beginning of an enrollment period. An institution should be given the authority to disburse a Pell Grant on the basis of an eligibility index calculated by a certified Multiple Data Entry processor, without requiring a student to present the Student Aid Report. The accuracy of a Pell Grant payment could be measured by comparing eligibility indexes on institutional disbursement records, now collected on periodic Progress Reports, with those computed by the Central Processor.

I enthusiastically support the attention being given in the reauthorization process to **early awareness programs**, to provide better and earlier information to students and their families about academic preparation and the availability of financial aid for higher education. I am excited about federal intervention programs, such as the Student Counseling and Assistance Network, introduced by Congressman Thomas Sawyer as H.R. 1524, and the Chance to Go to College Act, H. R. 763 supported by Congressman Harold Ford. These initiatives could well provide incentives to young people to stay in school and seek educational opportunities

beyond high school. Students who wish to study at the University could benefit by early awareness programs, in meeting academic requirements for entrance and in understanding that financial aid will be available to supplement resources from the student and the family.

On another issue, the shift of federal student aid support from grants to loans has been well documented in national studies, which have pointed out that inflationary factors over the past decade have greatly diminished the purchasing power of grant dollars. The resulting change in the balance between grants and loans is a concern at the University. The shift is reflected in the aid programs for undergraduate students, in which a smaller portion of a student's total award is met with gift assistance each year. As costs have increased, our students have had to accept larger loan burdens. The students who have been particularly affected by this change in funding are from low-income, disadvantaged backgrounds and are the most at-risk for retention and persistence. It is not unusual for these students to borrow $10,000 or more as undergraduates. They often do not complete their academic work because they do not wish to accumulate more debt and cannot work additional hours to provide the difference between costs and grant support. For these reasons, I believe that an increase in the maximum Pell Grant award, indexed to cost-of-living increases, is essential. I do not support the proposal to target Pell Grants to students with family incomes of less than $10,000. Although I agree that Pell Grants should go to the most needy students, there are many students at the University with family incomes above that arbitrary cut-off whose parents can make no contribution to educational costs. For these students, Pell Grant support is an essential part of their overall funding.

The Stafford Loan Programs have grown and changed more in my years of experience as a financial aid administrator than any other of the Title IV programs.

At the University, 3,800 students receive $15,000,000 from the programs authorized in Part B of Title IV. Almost one-half of our total aid resources comes from the Stafford, SLS, and PLUS Programs. Our graduate and professional students are particularly dependent on these loans to meet a substantial part of their educational costs. In my opinion, the Stafford Loan Program is out of control; it is over-regulated and complicated by different requirements from the various participants. The application process is inconsistent, forms vary from one lender to another, and regulations change or are added with frequency. Repayment procedures are no less complex. Because our office handles the collection of campus-based student loans, we serve many borrowers who are also in repayment for Stafford Loans. They are often confused about deferment and repayment options, and they may receive less than acceptable service when they try to contact lenders about the status of their loans. The program must be simplified, for the sake of both students and institutions.

I suggest that in the reauthorization process consideration be given to waiving requirements in the Stafford Loan Programs for institutions who meet established standards for administration of the programs. For example, if the default rate is low at an institution, this should be evidence that students from that school are likely to repay their loans, and the institution should be exempted from many of the initiatives best directed to schools with high defaults. Regulatory relief is urgently needed, so that institutions can better serve students and assure the viability of the programs.

I encourage the Subcommittee to consider seriously the proposal for a Direct Student Loan Program which has been introduced by the National Association of State Universities and Land Grant Colleges. This plan would allow schools to make Stafford Loans directly to students, much as Pell Grant and campus-based funds are awarded, without third party participation by lenders and guarantee agencies. While I realize

that the proposal is yet only a framework, and costs have not been calculated. I hope that it will be explored, not only as a way to save budget outlay but also as a means to simplify an extremely complicated program.

Thank you again for this opportunity to be with you today and to advance these thoughts about reauthorization of the Higher Education Act. Your work is extremely important to students and their families and to the entire nation as we continue our efforts to remove economic barriers to higher education.

Chairman SAWYER. Mr. Hitchner?

STATEMENT OF STEVEN HITCHNER, DIRECTOR, ECPI COMPUTER INSTITUTE, RALEIGH, NORTH CAROLINA

Mr. HITCHNER. Mr. Chairman, good morning.

My name is Steven Hitchner. I am Director of the ECPI Computer Institute in Raleigh, and past president of the North Carolina Association of Independent Schools and Colleges.

As a former university instructor, I am a firm believer in the promise of educational opportunities, and as someone who has traveled through our postsecondary system from four-year university to private career school, I am also appreciative of the diversity and plurality of our educational system. I look forward to seeing this diversity and opportunity being preserved and broadened through the reauthorization of the Higher Education Act.

First, let me express my thanks to you for holding this hearing on the reauthorization of the Higher Education Act here in North Carolina. Our State is strongly committed to postsecondary education, and we are looking forward to a future that is equally strong in preparing individuals for solid, productive careers.

Here in North Carolina, there are more than 17,452 students attending the 51 private career schools and colleges educating students in a variety of career fields. At the ECPI Computer Institute, we are a little bit less well-known than Duke and North Carolina State University. Let me acquaint you briefly with ECPI Computer Institute as an organization and with my school, ECPI Institute of Raleigh.

ECPI is a private technical training school founded in 1966. ECPI now trains over 2,500 students per year in four Virginia and now three North Carolina school locations. ECPI provides training in computer electronics, computer programming, office and medical computer specializations, word processing, and paralegal studies.

ECPI schools have rendered employment systems to over 2,000 different employers, many of whom have hired ECPI graduates on numerous occasions. Examples of major corporations employing ECPI graduates include IBM, Xerox, Kodak, Lanier, EPS, Burroughs, R.J. Reynolds, Northern Telecom, Konica and Cannon.

ECPI holds dual accreditation. It is accredited by the Occupational Commission of the Southern Association of Colleges and Schools and by the Accreditation Commission of the National Association of Trade and Technical Schools.

In North Carolina, ECPI is licensed by the State Board of Community Colleges. ECPI Computer Institute of Raleigh is brand new.

Our first students entered school in the fall of 1990. As is the case with the six other ECPIs, we do not have a policy of open admissions. Applicants must be high school graduates or holders of GEDs and they must pass an ECPI entrance exam specific to their proposed program of study.

Overall, 20 to 25 percent of otherwise qualified applicants are not admitted because they do not score well in our examination. ECPI does not admit Ability to Benefit students. ECPI students are not recruited through surveys done on the street.

Many applicants are referred to ECPI by graduates. Others hear about us from school counselors or through conventional advertising. At the Raleigh school, as at other ECPIs, the average student is 20–23 years old. About half the student population is minority and about half is female.

Although as a new school, ECPI of Raleigh does not have a track record for completion and placement ratings, ECPI overall boasts a completion rate of over 75 percent and 85 to 90 percent of its graduates are placed in the fields for which they trained at ECPI.

ECPI Computer Institute is neither a prep school nor a finishing school. ECPI provides technical training to prepare people to do the jobs that must be done to keep our economy moving. We are proud of what we do.

Last summer, the National Center for Education and the Economic Commission on the Scales of the American Work Force noted that 70 percent of the jobs in the year 2000 will require some kind of postsecondary technical education, but only 20 percent of those will require a traditional baccalaureate college degree. Discussing the jobs that will not require a baccalaureate degree, the panel wrote, "These jobs are the backbone of our economy, and the productivity of workers in these jobs will make or break our economic future."

The Nation's 4,000 private career colleges and schools provide career specific education for more than 100 professions that are essential to our economic future. If we are going to build the kind of skilled work force we need to compete in the 1990's, we must nurture this vital sector of postsecondary education. A major segment of tomorrow's work force depends on it.

When the Higher Education Act was written in 1965, it reflected the needs of a far different student body than we have today. In 1965, postsecondary education served as a transition from adolescence to adulthood for mostly white male middle class students pursuing a full-time liberal arts education at a residential campus. While this profile still fits some students, many of today's students are older and seeking career specific education and training on a part-time basis while working and living off campus. Today's students are also more racially and ethnically diverse, and are nearly balanced along gender lines.

With the 1992 reauthorization of the Higher Education Act at hand, the U.S. Congress has an opportunity to help America meet its education and workforce needs for the 21st Century. Rather than addressing the financial needs of postsecondary students as if all were pursuing a traditional baccalaureate degree, Congress can explore the needs of America's students and provide the financial assistance necessary to encourage them to develop their skills and knowledge to become productive and valuable citizens.

Everyday, newspaper headlines remind us that society must help all Americans become productive workers. But cuts in Pell Grants make it more difficult for workers to get the training they need. Now, more than ever, we need to strengthen support for the technical education segment of postsecondary education and reduce the imbalance between loans and grants that has forced our neediest students to rely upon loans to finance their education.

In 1980, grants constitute 40 percent of typical aid package, with loans making up most of the remainder. Now, grants make up only 29 percent of the typical package.

This means that many trained graduates must set out on the career path carrying a crushing debt burden. Restrictions and cuts in Federal student aid programs are adding to that burden. Student aid programs have failed to keep up with the cost of higher education and this has forced students to bear a greater portion of the costs. Coupled with other changes, such as a cap on borrowing under the Guaranteed Student Loan program and restrictions on Supplemental Loans for Students (SLS), students are increasingly hard-pressed to pay for the training they need to find good jobs.

The growing percentage of private career school students who benefit from financial aid is no threat to the student aid system, but a reflection of increasing demand for this type of education. In fact, many of our students have previously attended other types of schools. Pell Grants and the loan programs help private career school students, many of whom live independently from their families, offset their high-level of financial need. To this end, the maximum Pell Grant award must be increased to help these students.

While we realize the importance of financial aid for our students, we also realize the concerns associated with default rates. In many ways, the default rate is primarily the function of the population served. Private career schools educate a disproportionate number of low-income and at-risk students, thereby increasing the number of students who default on their loans.

Should the single parent returning to school to give her children a better life than she had be denied access to education because she is at risk? We think not.

In 1986, to help with the problem of student loan defaults, we instituted a Default Management Initiative. We educated our students about the responsibility associated with taking out loans. And once they graduated, we got them placed in jobs for which they were trained. With stead incomes and knowledge of the process, we helped them get on the right track and pay back their student loans.

We are proud to report that our efforts have been effective. Actions by our associations, our accrediting commission and legislative and regulatory reforms that we have proposed and supported have helped reduce student loan defaults and abuse of student aid programs.

As the head of North Carolina Skills 2000 coalition, an organization made up of concerned elected officials, business people, educators, students and community activists designed to ensure access to Federal financial aid for students attending private career schools, I urge Congress to recognize the important contribution that graduates of private career schools make to society.

In fact, the greatest job opportunities throughout the next 10 years are expected to be in the service and technical fields. This is why it is important to ensure that young people have access to the institution of their choice.

To help achieve these goals, I believe we ought to head in the direction outlined in the legislative proposal that two national organizations, the National Association of Trade and Technical

Schools (NATTS) and the Association of Independent Colleges and Schools (AICS), have shared with your Committee.

The proposal will provide access to postsecondary education opportunities for all students, including the poor and disadvantaged. It restores the proper balance between grants and loans so that the very poorest do not leave school under a huge burden of debt. It improves the integrity of the aid programs. And it enhances the effectiveness of the programs through simplification and improved administration.

The plan recognizes that people should have access to the type of education that best meets their interests and abilities, whether at a four-year college or private career school.

Moreover, the proposal calls for a number of reforms that will clarify the accountability of all players involved in the student aid programs and create ways to curb abuse, reforms that will help restore everyone's confidence in these programs. One specific proposal worthy of congressional consideration is that loan repayment periods be extended and the amount of payments graduated to allow loan recipients to get on their feet in their new careers after graduation. This change alone could substantially reduce the number of loan defaults.

An efficient and productive economy depends on educators, scientists and doctors. But it also requires the people who build our homes, program our computers, assist our doctors, repair our cars, and maintain our offices, schools and hospitals.

There are countless Americans who would not be where they are today if it had not been for loans, grants and other financial assistance provided through the Higher Education Act. Please make sure the door stays open for the next generation of students who want to have the same chance so many others have had. We owe them that chance.

Thank you.

[The prepared statement of Steven Hitchner follows:]

TESTIMONY BEFORE THE SUBCOMMITTEE ON POSTSECONDARY EDUCATION

by

Steven Hitchner
Director
ECPI Computer Institute
Raleigh, NC
June 28, 1991

Mr. Chairman, good morning. My name is Steven Hitchner. I am Director of the ECPI Computer Institute in Raleigh and past-president of the North Carolina Association of Independent Schools and Colleges. As a former university instructor, I am a firm believer in the promise of educational opportunities and as someone who has travelled through our postsecondary system from four-year university to private career school, I am also appreciative of the diversity and plurality of our educational system. I look forward to seeing this diversity and opportunity being preserved and broadened through the reauthorization of the Higher Education Act.

First, let me express my thanks to you for holding this hearing on the reauthorization of the Higher Education Act here in North Carolina. Our state is strongly committed to postsecondary education, and we are looking forward to a future that is equally strong in preparing individuals for solid, productive careers.

Here in North Carolina, there are more than 17,452 students attending the 51 private career schools and colleges educating students in a variety of career fields. At the ECPI Computer Institute, we educate our students in computer technology, office technology and paralegal studies.

Last summer, the National Center for Education and the Economy's Commission on the Skills of the American Workforce noted that 70 percent of the jobs in the year 2000 will require some kind of postsecondary technical education, but only 20 percent of those will require a traditional baccalaureate college

degree. Discussing the jobs that will not require a baccalaureate degree, the panel wrote, "These jobs are the backbone of our economy, and the productivity of workers in these jobs will make or break our economic future."

The nation's 4,000 private career colleges and schools provide career-specific education for more than 100 professions that are essential to our economic future. If we are going to build the kind of skilled workforce we need to compete in the 1990s, we must nurture this vital sector of postsecondary education. A major segment of tomorrow's workforce depends on it.

When the Higher Education Act was written in 1965, it reflected the needs of a far different student body that we have today. In 1965 postsecondary education served as a transition from adolescence to adulthood for mostly white male middle-class students pursuing a full-time liberal arts education at a residential campus. While this profile still fits some students, many of today's students are older and seeking career-specific education and training on a part-time basis while working and living off campus. Today's students are also more racially and ethnically diverse, and are nearly balanced along gender lines.

Due to their economic circumstances, many of today's students cannot continuously attend school for four or more years. Yet, current regulations are biased against short-term programs, and they prevent students from pursuing part-time education on an occasional basis. If a student attends school for a short period of time, needs to stop to work to earn more money, and wishes to

begin their education again, they risk activating their loan repayment schedule by leaving school. This perverse incentive encourages students to abandon partially completed programs or not even begin their postsecondary education. This affects students at all postsecondary institutions: 4-year colleges and universities, community and junior colleges, and private career schools and colleges, alike.

With the 1992 reauthorization of the Higher Education Act at hand, the U.S. Congress has an opportunity to help America meet its education and workforce needs for the 21st century. Rather than addressing the financial needs of postsecondary students as if all were pursuing a traditional baccalaureate degree, Congress can explore the needs of America's students and provide the financial assistance necessary to encourage them to develop their skills and knowledge to become productive and valuable citizens.

Everyday newspaper headlines remind us that society must help all Americans become productive workers. But cuts in Pell Grants make it more difficult for workers to get the training they need. Now, more than ever, we need to strengthen support for the technical education segment of postsecondary education and reduce the imbalance between loans and grants that has forced our neediest students to rely upon loans to finance their education.

In 1980, grants constituted 40 percent of the typical aid package, with loans making up most of the remainder. Now grants make up only 29 percent of the typical package.

This means many trained graduates must set out on the career

path carrying a crushing debt burden. Restrictions and cuts in federal student aid programs are adding to that burden. Student aid programs have failed to keep up with the cost of higher education and this has forced students to bear a greater portion of the costs. Coupled with other changes, such as a cap on borrowing under the Guaranteed Student Loan program and restrictions on Supplemental Loans for Students (SLS), students are increasingly hard-pressed to pay for the training they need to find good jobs.

The growing percentage of private career school students who benefit from financial aid is no threat to the student aid system, but a reflection of increasing demand for this type of education. Pell Grants and the loan programs help private career school students -- many of whom live independently from their families -- offset their high level of financial need.

While we realize the importance of financial aid for our students, we also realize the concerns associated with default rates. Unfortunately, the default rate is primarily a function of the population served. Private career schools educate a disproportionate number of low-income and at-risk students, thereby increasing the number of students who default on their loans.

In 1986, to help with the problem of student loan defaults, we instituted a Default Management Initiative. We educated our students about the responsibility associated with taking out loans, and once they graduated we got them placed in jobs for

which they were trained. With steady incomes and knowledge of the process, we helped them get on the right track and pay back their student loans. We are proud to report that our efforts have been effective. Actions by our associations, our accrediting commissions, and legislative and regulatory reforms that we have proposed and supported have helped reduce student loan defaults and abuse of student aid programs.

As the head of North Carolina Skills 2000 coalition -- an organization made up of concerned elected officials, business-people, educators, students and community activists designed to ensure access to federal financial aid for students attending private career schools -- I urge Congress to recognize the important contribution that graduates of private career schools make to society. In fact, the greatest job opportunities throughout the next 10 years are expected to be in the service and technical fields. This is why it is important to ensure that young people have access to the institution of their choice.

To help achieve these goals, I believe we ought to head in the direction outlined in the legislative proposal that two national organizations -- the National Association of Trade and Technical Schools (NATTS) and the Association of Independent Colleges and Schools (AICS) -- have shared with your Committee.

The proposal will provide access to postsecondary education opportunities for all students, including the poor and disadvantaged. It restores the proper balance between grants and loans so the very poorest do not leave school under a huge burden

of debt. It improves the integrity of the aid programs. And it enhances the effectiveness of the programs through simplification and improved administration.

The plan recognizes that people should have access to the type of education that best meets their interests and abilities, whether at a four-year college or private career school.

Moreover, the proposal calls for a number of reforms that will clarify the accountability of all players involved in the student aid programs and create ways to curb abuse -- reforms that will help restore everyone's confidence in these programs.

An efficient and productive economy depends on educators, scientists and doctors. But it also requires the people who build our homes, program our computers, assist our doctors, repair our cars and maintain our offices, schools and hospitals.

There are countless Americans who would not be where they are today if it had not been for loans, grants and other financial assistance provided through Higher Education Act. Please make sure the door stays open for the next generation of students who want to have the same chance so many others have had. We owe them that chance.

Thank you.

Chairman SAWYER. Thank you, Mr. Hitchner.

Thank you all very much.

Recognizing the pressures of time, let me ask Mr. Belvin and Mrs. Morris to begin, having heard from the rest of you, on the question of direct aid, and the question of front-loaning, which is one to place into your immediate situation.

Mr. PRICE. Do you mean in the form of Pell Grant loans?

Chairman SAWYER. Direct loans as opposed to guaranteed loans.

Mr. BELVIN. Are you talking about the direct lending program that is being suggested that you opposed?

Chairman SAWYER. Yes, I am.

Mr. BELVIN. I am against that program. I would speak against the direct lending program because I fear the consequences of it. I wonder if the Treasury has the resources to support it. I see the vast resources in the public sector that are now supporting that program and I wondered why we should not take advantage of those. Is sometimes worry that the banks might be profiting excessively, but I think that could be controlled by proper mechanisms. I also worry about what would likely be a shift of the administrative burden to the campus were a program like that instituted.

I remember the fanfare of the Pell Grant program; the very clear promises that they would not be a burden on the campus. And now the vast percentage of efforts supporting the Pell Grant program is campus-based in nature.

Ms. MORRIS. Well, I knew that somehow or another, my colleague and I from Duke would be pitted against one another.

Chairman SAWYER. This is not pitting you against one another. This is an opportunity to discuss the difference of opinion.

Ms. MORRIS. That is correct. I have spoken in favor of your looking at the direct student loan program. I think that looking at it certainly would serve as a way to try and find some ways to ease the burdens that are, I believe, excessive on institutions and on students.

Not all States are blessed with an agency as good as we have in North Carolina for administering the Stafford Loan Program. We deal with 50 States and hundreds and hundreds of lenders or guaranteed agents as I know Duke does. The inconsistency of the way students get into that process, the way the loans are handled, the way they get out of the process, the shifting of their paper once they go into repayment, all of that, I think has made the program grow out of control.

Because our office does do loan collections for the Perkins program, we come into many students or former students who are repaying those Perkins and Stafford Loans and their confusion is just very, very apparent.

And there must be a way to simplify the program that is so enormous. It is half of our total aid; $15 million at Chapel Hill is coming to our students in the form of guaranteed loans. But there is not an easy way to get it to students. It is difficult for them to get out of the loan programs and into repayment.

My colleague mentioned that he feared that it would be an administrative burden to campuses; I don't believe it could be any more of an administrative burden than it currently is. The regulations keep adding to it.

I think that there needs to be another look at what, really, we are trying to do but the default initiatives are aimed in the right direction. We have got to find a way to simplify it. I truly believe that the direct loan program is a way either to simplify it or to force us to simplify, because we are taking a look at what is out there.

Chairman SAWYER. There are others who have viewed direct lending and other potential solutions as a way to overcome some of the abuses of lending programs.

Mr. Hitchner comes to us today. The loan lending program becomes a cash-out, either for a lending institutions or for recipient institutions of learning, and I use that term loosely. Or in some cases, both. That may be too large a change to overcome that specific problem, but it is all part of that loan problem that made the Stafford Loan program suffer such attention.

Mr. BELVIN. If I felt like a direct lending concept would reduce the abuse in certain segments of the educational community, I would certainly be more in favor of it. If that were the reasons for moving in that direction, then I certainly would be supportive of a very serious expiration because I do believe that it does need to be controlled.

Chairman SAWYER. Any time you talk about a Federal lending program, it raises concerns. Nonetheless, the partnership has its own set of problems.

Mr. PRICE. Before Mr. Belvin leaves, let me ask a question as well; then, maybe we can turn to the rest of the panel, because this is certainly something that a number will want to address.

That has to do with what the priorities for assistance should be. Everyone wants more assistance and more generous availability of resources, but the questions of fairness and equity are still going to be with us no matter how big the overall amount of money is.

President Robinson of St. Augustine's told us this morning in referring specifically to the administration's proposals for altering the Pell Grant criteria, that we risked taking the money away from the near poor to give it to the very poor. He said from his point of view, that was not a very good bargain. Families in the $10,000-$25,000 income range very much need the support, and there was every reason to be wary of proposals that would reduce their eligibility and their claim on these funds.

Now, Mr. Belvin, in your statement, you referred to the congressional interest in increasing the aid eligibility of middle income families, but you expressed some wariness about some of the specific proposals that have been made in this regard.

I expect that you are referring to the Representative Gephardt's proposal, the so-called Middle Income Student Assistance Act, which, of course, has many provisions. But one of the proposals in that is the value of a family home or farm, those very specific and limited assets, should be removed from the calculations for student aid.

So I am asking you two questions: one is what are you referring to when you say that assets still should be part of determining family ability?

Then, also, how would you assess the proposed shift in assistance made by the Bush Administration?

Mr. BELVIN. Certainly, there has been a lot of consideration removing home equity. My concern for moving home equity from the need-based calculation relates primarily to the old shift curve in this country. If you do research, which I am sure you may have seen, you will find that it is not the poor families in this country that own homes. It is not the black families in this country that own homes. In fact, if you remove home equity in its totality from the new analysis decision, completely remove that, what you in fact do is transfer eligibility from low-income to middle and perhaps high-income people. What you will do is equalize eligibility by increasing eligibility in the middle-income and the near-poor perhaps groups, without making any effect on the poor people.

I have no objection to providing additional resources for middle-income people. My fear is that unless additional resources are made available, there will be more demand for the same piece of money. It will be spread over that pool and it will result in a shift of funds from one end of the segment to the other. And while it would help low-income people, I am concerned about losing the poor families in this country, primarily minorities and first-generation college families. That is the group I would worry about most. In terms of front-end loading——

Chairman SAWYER. Let me just interrupt you to clarify something. This is the second time this discussion has come up. Is your primary concern over the thing with the dollars, if the dollars were raised, your concern would be of the availability?

Mr. BELVIN. Exactly.

Chairman SAWYER. It is not that the fundamental tends to shift or to broaden it?

Mr. BELVIN. I would encourage you to broaden the benefit. What I fear is that if they were to broaden the benefit without a common effort to increase funding, it would, in fact, be a hollow victory in the sense that there would be no additional funds. So there would be a shifting of funds that would result.

Mr. PRICE. All right. We are talking about two distinct proposals now. You are wary of the Gephardt proposal insofar as it might broaden middle-class eligibility at the expense of those who are lower on the scale. You don't want to propose that kind of trade-off. What about the shift in the opposite direction, such as this year's administration budget request?

Mr. BELVIN. To shift what little money is available to the near-poor down to the very poor, yes. I am, in fact, against that. I think that the array—the structure that we have in place now is appropriate relative to the resources that we have available.

In terms of need analysis, I am not sure that there is much difference between being poor and nearly poor. It seems to be a distinction without merit in most cases. I would refer you to research that shows for the most part families with income of $20,000 or below. And I am not talking about asset income. I am talking about earned income, without significant asset basis. Those families in fact are fully eligible for any resources. They have zero parent contributions or nearly zero parent contributions.

I think the distinctions on the cusp of that group would have very little meaning, and I think it is incumbent upon universities and other providers of this country, which will be supported by

continuation of the "E" Program, to, in fact, continue to participate and provide the resources of that group, hopefully, with the possibility of moving beyond that with new resources for middle-income families.

Chairman SAWYER. I know Mr. Belvin needs to go. That is fine. We appreciate your sticking with us and adding some very useful testimony.

Let me just, while we are on the subject, ask other members of the panel to comment on this general question of what groups ought to be targeted. In particular, is the balance about right now between the assistance we give to the very poorest families and those in the next bracket up; those in the, let's say, $15,000 to $30,000 range, or ought there be a decisive shift, either upward or down? Do any of you have strong views on that?

Do you, Mr. Garrison, for example, define the eligibility rules you are now working with as an adequate targeting system?

Mr. GARRISON. Okay. I would hope there would not be a shift of funds from the almost poor to the poor. I would hope to maintain a balance so that the students who are in the $15,000 to $25,000 range would be able to finance an education without having to borrow heavily on the Stafford Loan Program, especially at the community college level. As you know, our cost of education is a bargain, and when students have to borrow funds to attend our college, I think it is a shame.

Chairman SAWYER. We are going to run out of time for this particular panel. Let me shift directions just briefly.

Mr. Hitchner, your institution, is one of many high quality institutions in this country, that has come under severe attack for default rates. These institutions fall in the generalized category of proprietary schools.

Can you give us any sense of what generally institutions that fall in that category would propose that you or we together do in order to diminish that extraordinary default rate that some institutions experience?

Mr. HITCHNER. Yes. In fact, the reason really that I am here on relatively short notice is in anticipation of that kind of question. I think it is a question that needs to be asked and someone needs to be around to answer that question.

As you can tell from my testimony, I am very proud of what I do at ECPI. There are many, many fine schools. There have been bad schools. Obviously, there have been tremendous abuses of the Federal Student Loan system. In fact, our association, the National Association of Trade and Technical Schools, has recently spent over a million dollars defending itself against schools that it does deny accreditation to. So I think the mechanisms are already in place. With the default initiative, things have already been done. I don't think——

Mr. PRICE. May I interrupt you just to ask a specific question on that? You did cite this default initiative in your statement and you say that, 'We are proud to report that our efforts have been effective," and you cite a reduction in student loan default rates, but you don't provide specific numbers. Do you have specific numbers that could back up that statement?

Mr. HITCHNER. I do not with me, no.

Mr. PRICE. Are these available?

Mr. HITCHNER. Yes, sir.

Chairman SAWYER. We are happy to hold the record open for the inclusion of such numbers.

Mr. HITCHNER. Yes. In fact, we have a had a marked decrease from our sector. A lot of schools have closed. Because of that, a lot of schools have had accreditation removed, have been denied accreditation. Those are things that we all heartily support. They are beneficial to our economy and to our educational system. I think that one of the main points that I would make about default is that it has a lot to do with the risk of the person being served. I mentioned earlier that we have the single parent who wants to return to school. Certainly, that is a high-risk student. I think the question is: Should that person be denied access to education?

Yes, there is a risk that that person will default.

I think one of the important things to consider is repayment. As the system is right now, many people go into default who would like to repay their loans, but are unable to. A number of the students that we see have been to other schools and they come to us with baggage, if you will, of unpaid loans. Should we deny them the chance to go to school because they have been somewhere else and perhaps that has not been successful for them, knowing that it is going to be a struggle for them on their budget as a graduate to repay that loan? Those are difficult questions.

Chairman SAWYER. They are difficult and they are also difficult imposed against the obligation that we ask everybody else in this room to pay for those students and diminish the capacity of this Nation to fund those students who are in the process of positioning themselves to repay it. So it is a set of tensions that are complex.

Mr. PRICE. The figures are quite striking. The portion of Stafford Loans going to proprietary schools is now around 30 percent up from only 6 percent 10 years ago, and the portion of the Pell Grant going to proprietary schools has doubled. It is now fully a quarter of the money spent in Pell Grants which goes to proprietary schools.

I guess I would like to know—often these figures are cited as helping to explain the default rate because, as you know, the proprietary schools, of course, cover a lot of kinds of institutions. Clearly, the default rates are higher in those institutions. Maybe for some good reasons and some bad reasons.

What do you think about those percentages? I would like to ask the rest of you: Has the program gotten seriously out of whack, do you think, in terms of the kinds of schools that are being assisted or is this a sort of shift one would expect, given the kind of needs we are seeing out in the world?

Mr. GARRISON. Well, I just want to call attention again to the kind of attrition rate that the students at St. Augustine's face at 100 to 200 attrition rate from the freshman to senior year, and the kinds of financial pressures that are placed on those students as opposed to the—it makes it difficult.

Mr. PRICE. Are those rather radical shifts and who is getting this support? Is it an indication that something is seriously out of whack or is it basically what we have been expecting out in the potential student population? Some of you are not representing

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proprietary schools, though. How do you view these figures? Do you see that as a threat or do you see it as a normal development?

Ms. MORRIS. May I respond?

I guess we would see it as a threat only as it serves to increase the burden on the administrative program. The default initiatives are profit, but they are not always properly placed. If an institution has a very low default rate, and it seems to me there ought to be a waiver of some of the default initiatives, so we would see the way the money is distributed and the way it is in default. The distribution of default as being a problem only when you throw the baby and the bath water out at the same time.

The problem that we see with the default, the way students at our institution go into default more has to do with the fact that they are having to get multiple loans, loans from several programs, and in amounts of money that are beyond that which their chosen profession will ever make easy for them to repay. So the answer there, I think, is increasing the grant systems so that students who are on track for low-paying professions can perhaps get more grants assistance and that multiple loans are not necessary. That loan maximums can be raised so they can stay with one program and deal with one lender.

Mr. GARRISON. I think you have heard the saying that institutions do not fail, students do. I think the problem that we have in community college systems is that the students who take out loans are usually the at-risk students. So those students are more likely to fail. Our default rate is around 12 to 13 percent, but many of our institutions in North Carolina have had default rates above 50 percent. But when you look at the total dollars for the number of students who have borrowed, there are very few in comparison to the proprietary schools and the private schools and the public universities.

Chairman SAWYER. We are going to begin our fourth panel. Let me say to start with, by way of apology, I don't think I am going to be able to stay for the entire discourse. I have to catch a plane.

Although we are fairly close to being on schedule, I don't want anybody to think that I am not interested in the subject of this fourth panel, which is Title VI, International Education. The panel this afternoon is made up of Dr. Frank Hart, Acting Provost, North Carolina State University; Dr. Craufurd D. Goodwin, Department of Economics, Duke University and Dr. Donald J. Raleigh, Office of International Programs, University of North Carolina.

Welcome, gentlemen. Thank you for being with us.

Dr. Hart?

STATEMENT OF FRANK D. HART, ACTING PROVOST, NORTH CAROLINA STATE UNIVERSITY, RALEIGH, NORTH CAROLINA

Mr. HART. yes, Mr. Chairman, let me make just a brief comment. I am pleased to represent North Carolina State University's perspective concerning Title VI of the Reauthorization of the Higher Education Act.

Chairman SAWYER. Dr. Hart, would you move the microphone closer to you, please, sir? Thank you.

Mr. HART. Our university has been involved in international activities for many years. More recently, however, we have seen a need to re-energize and enhance what we are doing in the international area.

This has led to the preparation of a Five Year Strategic Plan for International Programs at North Carolina State University. The preface of our strategy report is borrowed from an article entitled, "Southern International Perspectives" from the Southern Growth Policy Board, published in June 1989 and I think states well the perspective we have taken in approaching our plan.

I would like to quote to you from that report. "That universities need to adapt to global trends can hardly be disputed. An America that once dominated global trade, politics, arts, technology, could afford to be eccentric in training young adults for high skill occupations.

That is no longer the case. Changing political, economic and cultural realities and the growing ethnic diversity in the southern work force, call for a population equipped at all levels with an understanding of different cultures, the economic and political interdependence between nations, a grasp of basic language skills and an ability to tap into as well as contribute to, global research and information networks. Southern universities bear a large responsibility for the South's capacity to compete globally."

That ends the quotation.

I want to share with you some additional aspects of the strategic plan that we developed because I believe you will see the relationship between the items we have in our plan and Title VI. We start out with the question, why should NC State University want to internationalize more of its activities?

We need only to examine the implications of the pace and scope of recent changes in geopolitical relationships among nations. Events such as Iraq's invasion of Kuwait demand more international competence from the citizens of North Carolina to understand their impact on our national policies and economic welfare. Environmental concerns such as acid rain, and global warming envelop all nations and call for new collaborative efforts in research, training and policy.

The massive trade and budget deficits now being experienced by the United States emphasize the necessity of training staff in North Carolina business to compete more effectively against foreign firms here and abroad. We must develop ways to improve our human capital resources in order to cope with these changes and reverse those negative trends. Improving human capital resources is the purview of colleges and universities.

N.C. State and other publicly supported institutions have a mandate to conduct outreach activities as well as teach and conduct research. That mandate calls for infusing additional content into course offerings for regular degree programs. It means designing new academic programs in international and area studies. And it means conducting research on issues raised by global changes an challenges.

I want to just briefly outline several of the goals that we have in our report. First of which is to encourage American students to achieve significantly higher levels of international competence

through increasing the international content of courses in each department, offering more options in international and area studies programs, integrating foreign language studies into degree requirements for most disciplines, providing incentives to participate in study or internships abroad.

Goal Two is to maximize the net result of having international students and international visiting scholars on our campus.

Goal Three is to expand internationally related research and public service by faculty through providing new incentives to travel abroad and conduct research on global issues, becoming more involved in international cooperation programs with developed as well as newly industrialized countries and with outreach activities for international businesses in North Carolina.

The fourth major goal is to refine our own administrative practices and adopt new ones that will support the internationalization of our campus. From discussing these goals, I think you can understand why we believe that Title VI should be continued. We believe that our plan is compatible with many provisions of Title VI and we encourage you and your colleagues to support Title VI of the Reauthorization of the Higher Education Act. Thank you.

[The prepared statement of Frank D. Hart follows:]

TESTIMONY

Prepared for House Subcommittee for Postsecondary Education Hearing on Reauthorization of the Higher Education Act

North Carolina State University
McKimmon Center
June 28, 1991

Franklin D. Hart
Interim Provost
North Carolina State University

Mr. Chairman. I am very pleased to represent the North Carolina State University perspective concerning Title VI of the Reauthorization of the Higher Education Act. I would like to go on record as supporting the recommendations concerning Title VI, submitted to the House Postsecondary Subcommittee by our leading higher education associations on April the 8th of this year.

Our University has been involved in international activities for many years. More recently we have seen a need to reenergize and enhance what we are doing in the international area. This has led to the preparation of a "Five Year Strategic Plan for International Programs at North Carolina State University." The preface of this strategy report is borrowed from an article entitled "Southern International Perspectives," from Southern Growth Policies Board, June 1989, page 2, and states well the perspective we have taken in approaching our plan.

"That universities need to adapt to global trends can hardly be disputed. An America that once dominated global trade, politics, arts, and technology could afford to be ethnocentric in training young adults for high-skill occupations. That is no longer the case. Changing political, economic, and cultural realities, and the growing ethnic diversity in the southern work force, call for a population equipped at all levels with an understanding of different cultures, the economic and political interdependence between nations, a grasp of basic language skills, and an ability to tap into, as well as contribute to, global research and information networks. Southern universities bear a large responsibility for the South's capacity to compete globally."

I want to share with you some additional aspects of our strategic plan because I think you will see the relationship between needs we have identified and provisions of Title VI that are currently under discussion.

The Rationale and Goals and Objectives in our plan are stated as follows:

Why should NCSU want to internationalize more of its activities? We only need to examine the implications of the pace and scope of recent changes in geopolitical relationships among nations. Events such as Iraq's invasion of Kuwait demand more international competence from the citizens of North Carolina to understand their impact on our national policies and economic welfare. Environmental concerns such as acid rain and global warming envelop all nations and call for new collaborative efforts in research, training, and policy. The massive trade and budget deficits now being experienced by the United States emphasize the necessity of training staff in North Carolina businesses to compete more effectively against foreign firms here and abroad.

We must develop ways to improve our human capital resources in order to cope with these changes and reverse these negative trends. Improving human capital resources is the purview of colleges and universities. NCSU and other publicly supported institutions have a mandate to conduct outreach activities as well as to teach and carry out research. That mandate calls for infusing additional international content into course offerings for regular degree programs. It means designing new academic programs in international and area studies. And it means conducting research on issues raised by global changes and challenges.

GOAL I. Encourage American students to achieve significantly higher levels of international competence through

A. increasing the international content of courses in each department
B. offering more options in international and area studies programs
C. integrating foreign language studies into degree requirements for most disciplines
D. providing incentives to participate in study or internships abroad

GOAL II. Maximize the net benefits from having international students and international visiting scholars on campus through

A. articulating and implementing more precise polices and programs for international students and services provided for them
B. integrating the study and research activities of international visiting scholars into the ongoing programs of each college/school

GOAL III. Expand internationally related research and public service by faculty through

A. providing new incentives to travel abroad and conduct research on global issues

B. becoming more involved in international cooperation programs with developed as well as newly industrialized countries and with outreach activities for international business in North Carolina

GOAL IV. Refine existing administrative practices and adopt new ones to support the internationalization of NCSU through

A. developing an implementation plan for international activities in each college/school covering the next three academic years

B. encouraging rhetoric and actions by top-level administrators that demonstrate the high priority assigned to international activities

C. reorganizing the management of international programs to achieve a more centralized approach to implementation of plans

D. contacting alumni living in other countries to assist in arranging linkages with universities and other organizations abroad

From the preceding discussion, you can understand why we believe Title VI should be continued.

We believe our plan is compatible with many provisions of Title VI and we encourage you and your colleagues to support Title VI of the Reauthorization of the Higher Education Act.

Chairman SAWYER. Thank you.
Dr. Goodwin?

STATEMENT OF CRAUFURD D. GOODWIN, DEPARTMENT OF ECONOMICS, DUKE UNIVERSITY, DURHAM, NORTH CAROLINA

Mr. GOODWIN. Thank you very much.

My name is Craufurd Goodwin, and I am a professor of Economics at Duke University, and I am very glad——

Chairman SAWYER. Dr. Goodwin, could you move your microphone, please? Thank you.

Mr. GOODWIN. I am very glad to testify before you today and I will confine my remarks to Title VI. In that context, I wish to speak about the importance of the United States of a citizenry that is internationally sophisticated and about the contribution that Title VI has made to this condition.

I was privileged 3 years ago, together with a colleague at the University of Maryland, to be invited by the Council for the International Exchange of Scholars, the agency that administers the faculty Fulbright Program to prepare a report on conditions on our campuses that affect the success of that program.

Our report was published this year by the Cambridge University Press with the title, "Missing the Boat—The Failure of Internationalized Higher Education." I brought copies for Members of the committee with the compliments of Ms. Cassandra Pyle, Executive Director of the Council for the International Exchange of Scholars.

My co-author of this book, Michael Nacht, and I visited 40 colleges and universities throughout this country, institutions of all kinds, public and private, rural and urban, large and small. And we spoke with faculty, administrators and students. What we saw is, I suspect, the most provincial and the most internationally innocent system of higher education among the developed nations of the world today.

Many disciplines, scientific areas and professional fields are dangerously unfamiliar with or unaware of issues, events and literatures outside our borders. Sometimes the barrier of comprehension is language, sometimes it is ignorance and sometimes it is hubris, the misplaced sense of what happens elsewhere doesn't really matter here.

International education, I am sorry, international activities are, of course, present on our campuses. In some cases, widespread and in many instances, they are thriving, thanks in no small part to the support provided under Title VI. But these activities can too often be described as marginalized within the institutions, isolated within units that are responsible for foreign area studies, development assistance projects, study abroad, instruction in international affairs and segments of the humanities and social sciences.

What I am convinced this Nation desperately needs, in contrast to this patchwork of international units within postsecondary education is a system that is truly internationalized and sees the world, rather than just the United States, as its community, can comprehends foreign languages, has access to the ideas and collaboration of scholars around the globe. I wish our colleges and universities had international sophistication, not only in specialized and

discrete units, but throughout the schools of law, engineering, divinity and business, the departments of chemistry, physics and soil science.

I hope for institutions that systematically require overseas experience of their students and faculty and familiarity with other literatures and other cultures.

The case has been made frequently since World War II for scholarly competence in certain areas of the world on defense and national security grounds. It is self-evident that in times of crisis, it pays to know something about both your friends and your potential enemies. Indeed, the programs now under Title VI were lodged once in the National Defense Education Act.

Another reason for understanding foreign areas has always been the responsibility of citizens to know and benefit from the world in which they live. Today, however, four other very powerful arguments for internationalization have joined these two.

First, we find that many of our national problems, from the provision of health care at reasonable cost to the maintenance of manufacturing productivity are seemingly intractable when pondered on our own.

At the same time, we discover that other countries—for example, Canada and Japan—in these two cases have made remarkable progress in dealing with such problems. Unless we know these countries firsthand, we are not able to take advantage of their experience in dealing with our common problems.

Second, an increasing number of our critical challenges are inevitably global in significance, environmental degradation, AIDS, and the drug trade to mention only three. Consequently, the solution to these problems must be cooperative and multi-national. We must forge partnerships that are sensitive to the particular characteristics of our partners. This, too, requires great international sophistication.

Thirdly, each year, an increasing proportion of our trade and investment takes advantage of the efficiencies which arise from the global division of labor. Yet, our business people—lawyers and engineers—remain remarkably ignorant of the overseas condition in which they must operate, inevitably to our detriment, I am sure.

Finally, and least appreciated, I think is the reality that the scholarly and intellectual contributions of persons beyond our shores have been increasing dramatically in recent years. In areas of pure theoretical physics, and areas of applied technology like highway building, electronic chip and automobile design or agriculture, we can no longer count on innovation originating only here. Nor can we count on new ideas from abroad always arriving conveniently in English and in the public domain. The ideas may be imbedded in Korean or Czechoslovakian working papers and may never leave a corporate or government laboratory.

It is necessary now increasingly for scientists and engineers in our country to establish close personal collaborations overseas in order to simply gain access to innovation and remain on the frontiers of their fields. But this they cannot do from colleges and universities that are insular in their orientation. I am absolutely convinced, therefore, that the internationalized college and university is vital to our national welfare.

Some of the most effective programs pressing in that direction of this objective is supported by Title VI of the Higher Education Act and I urge its reauthorization most enthusiastically.

Indeed, I urge its extension. I would like to see, for example, a program of challenge grants to entire institutions of higher education, to internationalize their length and breadth with their success in so doing determined by measures such as the literacy in foreign languages and amount of study abroad of students and faculty, as well as international content in their curricula and library holdings. This would be a natural extension of the centers program under Title VI and might galvanize the entire postsecondary education community to actions that are surely needed.

I would like to say that the Title VI programs are virtually the only Federal activity in the very important field of international education and it would be tragic if they were not reauthorized.

[The prepared statement of Craufurd D. Goodwin follows:]

Testimony of Craufurd D. Goodwin before the House Subcommittee on Postsecondary Education on Friday, June 28, 1991

Good afternoon. My name is Craufurd Goodwin and I am professor of Economics at Duke University. I am very glad to testify before you today and will confine my remarks to Title VI.

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The case has been made frequently since World War II for scholarly competence in certain areas of the world on defense and national security grounds. It is self evident that in times of crisis it pays to know something about both your friends and your potential enemies. Indeed the programs now under Title VI were lodged once in the National Defense Education Act. Another reason

for understanding foreign areas has always been the responsibility of citizens to know and benefit from the world in which they live. Today, however, four other very powerful arguments for internationalization have joined these two. First we find that many of our national problems, from the provision of health care at reasonable cost to the maintenance of manufacturing productivity, are seemingly intractable when pondered on our own. At the same time we discover that other countries, for example, Canada and Japan, in these two cases, have made remarkable progress in dealing with such problems. Unless we know these countries first-hand, speak their languages, appreciate their cultures, we are not able to take advantage of their experience in dealing with our common problems. Second, an increasing number of our critical challenges are inevitably global in significance - environmental degradation , AIDS, and the drug trade to mention only three. Consequently the solution to these problems must be cooperative and multi-national. We must forge partnerships that are sensitive to the particular characteristics of our partners. This too requires great international sophistication.

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highway building, electronic chip and automobile design or agriculture, we can no longer count on innovation originating only here. Nor can we count on new ideas from abroad always arriving conveniently in English and in the public domain. The ideas may be imbedded in Korean or Czechoslovakian working papers and may never leave a corporate or government laboratory. It is necessary now increasingly for scientists and engineers in our country to establish close personal collaborations overseas in order simply to gain access to innovation and remain on the frontiers of their fields. But this they cannot do from colleges and universities that are insular in their orientation.

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Chairman SAWYER. Thank you.
Dr. Raleigh?

STATEMENT OF DONALD J. RALEIGH, OFFICE OF INTERNATIONAL PROGRAMS, UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL, NORTH CAROLINA

Mr. RALEIGH. Thank you.

In the 1990's, global issues and international relations are taking on even more importance in both public affairs and scholarship. The challenges of Asian economic competition, the opportunities offered by the liberalization in Eastern Europe and the Soviet Union, and the hazards of the Middle East conflict are just a few reasons why universities cannot afford to neglect the international component of their work.

Trying to address these concerns is a top priority for the University of North Carolina. International activities are central to our undergraduate and graduate student education, our research mission and our public service to the State, region and country. We believe that only by giving international education a central place in our curriculum can we prepare students adequately for the challenges of global business relations, international politics and the flow of culture and information across borders.

These are basic issues which all Americans must face in the coming century and decade. Without strong university based research and education, we will fail to meet this critical challenge. Our university maintains substantial areas studies programs in African Studies, East Asian Studies, Latin American Studies, European Studies and Russian and East European Studies. Faculties in these programs conduct basic research into social sciences and humanities and train both undergraduate and graduate students. In addition, our major in International Studies is one of our largest, with over 355 juniors and seniors, and one of the most academically rigorous at the university.

Yet another critical component of our international work is the building of strong library collections in these areas to sustain our research and training activities. Unfortunately, library funds have become scarce. We already have had to curtail purchases of works crucial to adequate understanding of the international issues we face. The situation I know best is with regard to the Soviet Union and our buying power right now is less than it has been during the past 10 years, at a time when there is more to buy than ever in both the Soviet Union and Eastern Europe.

Now, two of our area studies programs, those in Latin American Studies and Russian and East European Studies as of August will be funded by Title VI funds. I should add here that these are consortium arrangements with the colleagues at Duke University. Others of our area studies programs are approaching Title VI standards of excellence. This funding is absolutely vital to their effective performance of their missions. These area studies programs are not simply devoted to arcane or esoteric fields of scholarship. They address vital contemporary challenges.

For example, Congress has before it the question of how a North American Free Trade zone would affect our economy, an issue ex-

plored by scholars in UNC's Institute of Latin American Studies. Scholars in UNC Center for Russian and East European Studies have added greatly to our knowledge of conditions in the Soviet Union and Eastern Europe and the options open to the United States.

Developing international studies UNC has placed special emphasis on the capacity to address substantive research problems and practical policy issues which cross-cut cultural and geographical areas. This capacity is provided not only by the area studies programs already mentioned. We also provide a center for World Environment and Sustainable Development, the Carolina Population center, the Development Studies Program and others.

Close relations are also maintained within the Graduate School and College of Arts and Sciences on the one hand and international programs in professional schools on the other. I should add here though that there is a great deal that needs to be done. UNC's School of Public Health, for example, is one of the country's most international and America's most highly rated. Faculty from the Division of Health affairs, like those from the College of Arts and Sciences, are active in research and/or training on every continent. Their work is key to improving maternal and child health, preserving and increasing access to clean water supplies and combating the international transmission of infectious diseases.

International education and research, in short, are not optional areas for the University of North Carolina or any other American University, which aspires to do its job well. They are absolutely essential and so far they are inadequate to the challenges we face. Even with existing Federal and foundation support, American universities find it difficult to offer the training and to conduct the research the country needs. Our students know the need; in fact, every class we offer at UNC is filled to capacity before registration closes. Nevertheless, our faculty strength is thin in key international areas. For example, we lack faculty to teach Asian languages. We are developing exciting programs of business education in this region, as throughout the world.

As our business leaders recognize, better knowledge of language and culture is essential if Americans are to work and compete successfully in countries from Korea and Thailand to Malaysia and Singapore.

The rationale for improved international education is not only economic. We also face political and military challenges abroad. Culture is increasingly international and students who do not have some sense of language and history, literature in society, religion and custom outside the United States are both personally impoverished and at a competitive disadvantage.

We are all familiar with the scandalously low level of geographic knowledge of most American college students. I would argue that this does not mean that we failed to teach geography. It means that international component of our educational system from kindergarten through universities is absolutely essential. If the University of North Carolina is to offer its students the international education they need, we absolutely have to have your support.

We seek to research and develop the knowledge on which future policy and understanding would rely. And we seek to make this knowledge available to the general public. I urge you to support the international dimensions of higher education to the fullest possible extent. It is an investment which will be repaid many times over.

Thank you.

[The prepared statement of Donald J. Raleigh follows:]

Testimony before the Education and Labor Committee
U.S. House of Representatives,
Raleigh, NC 28 June 1991

Donald J. Raleigh
Professor of History
University of North Carolina at Chapel Hill

In the 1990s, global issues and international relations are taking on ever more importance in both public affairs and scholarship. The challenges of Asian economic competition, the opportunities offered by the liberalization in Eastern Europe, and the hazards of Middle East conflict are just a small sample of the reasons why universities cannot afford to neglect the international component to their work.

Trying to address these concerns is a top priority for the University of North Carolina. International activities are central to our undergraduate and graduate student education, our research mission and our public service to the state, region and country. We believe that only by giving international education a central place in our curriculum can we prepare students adequately for the challenges of global business relations, international political tensions, and the flow of culture and information across borders. These are basic issues which all Americans must face in the coming decade and century. Without strong university-based research and education, we will fail to meet this challenge.

Our University maintains substantial area studies programs in African Studies, East Asian Studies, Latin American Studies, European Studies and Russian and East European Studies. These

programs all conduct research of basic importance in the social sciences and the humanities. Faculty in each of these programs are also active in both undergraduate and graduate education. In addition, our major in International Studies is one of our largest, with over 325 juniors and seniors, and one of the most academically rigorous in the University. One of the most important of our international activities is to build strong library collections of materials from abroad. These are resources not only for our scholars but for researchers, policy-makers and the general public. But library funds have become scarce, and already we have had to curtail purchases of works crucial to adequate understanding of the international issues we face.

Two of our area studies programs, those in Latin American Studies and Russian and East European Studies, are currently supported by federal funds administered under Title VI of the Higher Education Act. Others are approaching Title VI standards of excellence. This funding is vital to their effective performance of their missions.

These area studies programs are not simply devoted to arcane or esoteric fields of scholarship. They address vital contemporary challenges: Congress has before it the question of how a North American Free Trade Zone will affect our economy, an issue explored by scholar's in UNC's Institute of Latin American Studies. The question of how democracy can be built in the Soviet Union even in the face of economic catastrophe is a pressing concern to everyone who hopes the cold war has truly

ended. Scholars in UNC's Center for Russian and East European Studies have added vitally to our knowledge both of conditions in the Soviet Union and of the options open to the U.S. In both cases--and many others-- these same scholars have played a vital role in educating our undergraduates and graduate students for future leadership, not only as specialists in international affairs, but as educated citizens capable of informed public choices. We offer students not only international courses in Chapel Hill, but the opportunity to study abroad. This is crucial for their understanding of different cultures, for their acquisition of the linguistic skills needed for international business and cultural relations, and for the completion of an education which allows them to grasp America's place in a larger world.

In developing international studies, UNC has placed special emphasis on developing the capacity to address substantive research problems and practical policy issues which cross-cut cultural or geographic areas. This capacity is provided not only by the area studies programs, but also by the Center for World Environment and Sustainable Development, the Carolina Population Center, the Development Studies Program, the Curriculum in International Studies, and the Program in Social Theory and Cross-Cultural Studies. Close relations are also maintained between the Graduate School and College of Arts and Sciences, on the one hand, and international programs in professional schools on the other. UNC's School of Public Health, for example, is both America's most highly ranked and one of the country's most

international. Faculty from the Division of Health Affairs, like those from the College of Arts and Sciences, are active in research and/or training on every continent. Their work is vital in improving maternal and child health, preserving and increasing access to clean water supplies, and combating the international transmission of infectious diseases.

International education and research, in short, are not optional extras for the University of North Carolina or any other American university which aspires to do its job well. They are vital; they are central; and so far they are inadequate to the challenges we face. Even with existing federal and foundation support, American universities find it difficult to offer the training and conduct the research the country needs. Our students know the need; every class we offer in International Studies is filled to capacity before registration closes. But our faculty strength is thin in key international areas. At UNC, we have an urgent need for faculty to teach Asian languages, including Southeast Asian languages. We are developing exciting new programs of business education in this region, as throughout the world. But as our business leaders recognize, better knowledge of language and culture is vital if Americans are to work successfully in countries from Korea and Thailand to Malaysia and Singapore.

The rationale for improved international education is not only economic. We also face political and military challenges abroad. Culture is increasingly international, and students who do not have some sense of language and literature, religion and

custom outside the United States are both personally impoverished and at a competitive disadvantage. We are all familiar with the scandalously low level of geographic knowledge of most American college students.

In short, the University of North Carolina seeks to offer its students the international education they need, but we need your support. We seek through research to develop the knowledge on which future policy and understanding will rely. And we seek to make this knowledge available to the general public. But for this too we need your help. I urge you to support the international dimensions of higher education to the fullest extent possible. It is an investment which will be repaid many times over.

Chairman SAWYER. Thanks, gentlemen.

David just suggested that I begin because I do have to go. I am not sure that I have questions, so it is just a few comments.

First of all, I have to go in a few minutes, but David has to go in a few hours. He is on his way to the Soviet Union. I just got back from Dartmouth where I engaged in my 9th meeting with members of the European Parliament delegation and it has been conducting meetings with the rest of the delegation now for nearly 17 years in preparation for the events that are not coming to an end but really a beginning next year in Europe.

I met my wife when she lived in Mexico and her father worked at a plant that RCA had there, because they had to go there in order to serve the Mexican market to overcome trade barriers at the time. And today, we are afraid of lowering those barriers because of the vacuum that exists in terms of teacher training in the President's and Governor's proposal for education goals by the end of this century. And that vacuum is the absence of the mention of foreign language.

We are just deeply handicapped by the dominance of English throughout much of the world. It is not an asset at all. It is a terrible handicap from my point of view.

Just let me say in conclusion that not only can we not count on innovation occurring only here, but it may not occur here at all if we don't get beyond our installations to the rest of the world.

That term "innocence" was marvelous. We just have got to understand that we are in a time of change more extraordinary than any we have been through in perhaps this century in technology and in demographics. We are seeing change not only here but globally we are seeing people move not only within and across a continent but literally around the world with an ease never before contemplated.

It is truly not nation centered but global in its scope. And we find ourselves superseded unless we are able to come to grips with that in virtually every one of the disciplines that you mentioned.

I can sit here and say I support you in what you do and argue that we cannot only afford not to reauthorize but we need to find a way to elevate this whole discussion so that the room is as full this afternoon as we talk about this as it was this morning when we talked about other matters of equally great concern.

Thank you for being here.

Mr. PRICE. Thank you.

Let me add my thanks for your very interesting testimony, and I would like to ask you to elaborate in several respects by any one of you who wants to chime in. Simply do so.

We talked a lot about the price that our country pays for our innocence or our ignorance or our hubris in these ares. I wonder if you could be a little more specific about that. I think that kind of generalization is often made, by Dr. Goodwin, especially, in writing this book but by the others as well.

Are there specific areas of international endeavors, economic, political, specific public policy decisions that you would pinpoint as examples of the effects of our failure in this regard? Are there specific failures that have hurt the national interest that you can help us identify?

Mr. GOODWIN. I can perhaps mention a couple of incidents in traveling around and preparing to write this book. We heard any number of anecdotes.

It is awfully hard to quantify these things, but I was most impressed perhaps by what was happening in some of the technological areas of education and the way in which the assumption that is held in many of these areas that somehow we are miles ahead of the rest of the world is suddenly being challenged and swept away.

To give you an example, in South Carolina, we talked to marine laboratories at the university and they said they had always assumed that the rest of the world was somewhere back in the dark ages. Suddenly, they discovered that East Asia had all sorts of agriculture techniques that they hadn't heard about. So they suddenly tried to find out what they were, and they said they would sort of air drop in speaking English and they discovered that the science was being conducted more or less behind closed doors in languages they didn't understand with all sorts of dimensions to the activity and they couldn't make any sense of it.

So, they have precluded there that in order to maintain their position in agriculture, they have to learn something about the Korean culture and the Japanese culture, learn the language, have their students present, have a regular trade program, because no longer the old assumptions about their advance and the communication of English.

Now, arguably, in a field like this group may have learned in time that it is important to understand the rest of the world, but in other areas, it may not be the case. I have probably seen already in microelectronics, in mining engineering, the Colorado School of Mines, we hear the same sort of thing. Suddenly, they found that mining technology had just swept ahead of them, and they were unable very quickly to catch up. And things move so quickly.

Mr. PRICE. In that case, who was the international?

Mr. GOODWIN. It was Latin America Chile, and they said that suddenly they found that—there was a well-reported case the other day about highway construction in Europe. It was in the New York Times where we found that they were building highways with a new kind of materials that was 25 percent more efficient than what we are using and none of our engineers had noticed it. They didn't read the journals or speak the language. My sense is that national sciences are ones most filled with hubris. If you talk with chemists, they have a sense that everything that goes on outside of the country is not worth doing, not worth listening to.

Anybody who goes abroad is essentially for vacation and I have a strong feeling that there may be something of a recognition that is similar to what we have seen in the technological fields occurring there, but it may be very costly to us. It is very difficult to catch up.

Mr. PRICE. Anyone else?

Mr. RALEIGH. Well, I can't really cite specific examples like that, which I think were very illustrative, but I would just say this. That certainly all knowledge is international, I mean I opened this morning's newspaper and there was a discussion of aging, of problems with Yugoslavia, a reminder that World War I broke out in that part of the world. We seriously considered dropping second

year—because the financial problems, discussion of AIDS research. Things that are required, AIDS research is a perfect example, I think, of how specialists from throughout the world are pulling together resources off and on in a friendly manner in order to try to solve this 20th century plague.

This fashion of banking in the United States and the fact that so few American banks are among the largest in the world, et cetera. My point here is the hubris in all of these issues, of course, underscores the fact that information and knowledge isn't even international but that the economy is global. It is a fact that there has been a revolution in communications and information access without the United States. The role of the United States was not to play a central part in all this, then I guess we could conclude they could even be concerned, but I would underscore the fact that indeed in many of these critical areas, we find ourselves not occupying the sort of role we felt that we once did or that we should. And this is underscored either the fact that we slipped or perhaps other areas have been developed, and we just weren't aware of them.

Mr. PRICE. Is it a safe assumption that the degree of our ignorance and our insulation varies a good deal from area to area and from discipline to discipline? I assume that the culture and linguistic barriers are much more serious, for example, with respect to the Far East. How many people have access to the Korean language? Or could be reasonably expected to have access?

My impression is, correct me if this is wrong, my impression is with respect to European languages and cultures we have made some progress at least from observing my own children's education. When I was teaching at Duke, it seemed to me that more students were engaged in those fields of study and certainly the level of understanding in social sciences was somewhat superior to what I remember as when I was a student last. But with regard to certain areas of the world, it seems that we have made very little headway at all.

Of course, the barriers are linguistic and cultural. The understanding of the Arab world in cultural terms, for example, we certainly seemed to be disadvantaged severely in that regard. Are there any generalizations you could make? Are there particular problems, particular areas that you think we have just not come to?

Mr. HART. I would like to make a generalization. Let's look at geographic areas in components of the university because I think that is a very important point to emphasize. I think the assumption being that for the last half century in this country, foreign area studies are important mostly for cultural reasons and that takes place in Europe.

Those are the roots of so many people in this country and national security. You study their slides because you could be fighting him some day and Asia and African Latin America, it is much less important. Maybe for developmental purposes, but the small society doesn't worry about that.

So we have large segments of the university that really never see any clear reason why they should know the rest of the world.

I think that the Title VI program suddenly reflects this tradition. You set up a unit which will study Korea, or you set up one that will study Latin America and that would involve thirty or forty people on campus, and the assumption is that that sort of takes care of Latin America and Korea.

I think the critical point is that it's important for the entire institution to be involved with these regions of the world and know something about their language and culture. Most everybody has a stake in it now.

We keep on with the kind of generalization of international studies, these little units, we are going to be perpetuating a system that may work reasonably well for some decades, but really is not perfect any more. That is why I think serious attention should be made to somehow using Title VI as a mechanism for challenging institutions across their breast to internationalize. I am not saying cut out the area programs, but to move on from that.

Mr. PRICE. I would like to return to some specifics of Title VI, but Dr. Hart had a comment.

Mr. HART. Well, I was just going to make a simple comment that I think one of the things that we have got to do is to get people out of their laboratories in the universities and get them in the laboratories of other colleagues all over. We have far too little of that going on. We have a program here in North Carolina, which is a cooperative agreement with which Duke and Carolina and NC State all participated in this program. And I can tell you from listening to that accord that the colleagues of our professors, we get as much out of that collaboration as we give and so it is a very fine arrangement for our own faculty and the faculty of the other universities.

Mr. PRICE. You referred several times to manpower shortages relevant to international areas.

Could you elaborate on that a bit? How would you identify these shortage? To what extent are we able to attract students even when programs are there? Do we have a broader problem in terms of levels of student interest? Or is the demand there if we simply respond to it and encourage this kind of study?

Mr. HART. Can I make a comment on that? One of the things that I find most appealing and one of the things I found most appealing and one of the things I found that you made a very good point early on is to associate undergraduate programs with an international flavor and we have that availability and emphasis in all of our curriculum and that is one of the things that appeals to me about what is contained in the reauthorization of this Title VI. It does at least give us the opportunity if it is fulfilled to compete for some of those funds and stimulate that broad effect on the undergraduate programs.

Mr. PRICE. Well, yes, but refer to the undergraduate education and most particularly to the more specialized fields. What are we training people for? That's my point, I suppose. What kind of manpower pool are we attempting to create? Where do you see the pressure points, the needs, the gaps? What are these people going to do for our country and what kind of needs does our country have in terms of manpower or woman power that these programs are responding to?

Mr. RALEIGH. Well, it is a really complicated question, as you well know. It varies among regions of the world. It varies among disciplines, for example. In some disciplines, like my own, economics, we are training remarkably few people with any sort of international expertise anymore partly because of the way in which the discipline is going. If you want to hire a good Soviet economist specialist on the Soviet Union or Eastern Europe now, you have got maybe four or five graduates a year to choose from.

Mr. PRICE. Do every one of those immediately get grabbed up?

Mr. RALEIGH. Yes, in my experience.

Mr. PRICE. There is a demand out there?

Mr. RALEIGH. There is a thin market on both sides. My sense is that if, in fact, we accomplish the internationalization of the higher education system, which is desperately needed, then the demand for these people is going to be very great. We can't do it if we don't have faculty to essentially extend knowledge of the world throughout our institutions. I mean the business schools, the law schools, which are so insular at the moment, if they are going to become more internationalized, they have got to take advantage of the products like Title VI.

At the moment, most of them do find jobs. To my knowledge, there is very little unemployment of graduates of those centers. How much more we need in the future depends on the way our society moves.

Mr. PRICE. The business community isn't exactly banging your door down for more graduates. There needs to be some consciousness raising at that level as well, you are saying. What about the supply of Ph.D.s to simply teach and do research in these areas? Can a department these days who wants to hire a Japanese economic specialist find that person?

Mr. HART. There is really only one university in this country, maybe two, that teach economists specializing in Japanese. It is in Michigan.

Mr. PRICE. I simply used that as an example.

Mr. HART. Sure. That's a good example. It is such a thin—there are two or three a year. My department hardly talks about hiring such a person because we know they hardly exist. You picked one of the most difficult cases, in fact, because as the people say in that instance, you have the problem of two languages. You have mathematics and Japanese that have to be learned by an economist.

Mr. PRICE. Well, that is a good example, as a matter of fact, in that it does demonstrate just the kind of investment we are talking about. We are talking about far more than making a few more language courses available to undergraduates. The amount of training to produce a full-fledged specialist in Japanese economics in this very difficult language in this very Asian culture would be years and years of investment and travel. It is a formidable challenge.

Mr. GOODWIN. The temptation is so great to jump off the train before you get there. If you get your Ph.D. in simple economics, you can go teach somewhere but to maintain your skills in Japanese is so difficult.

Mr. PRICE. What about international students coming here? We really haven't addressed that today and it is not really within the purview of Title VI, particularly, but do you have anything else to

say about it? First of all, what would your institutions like to do in that area in terms of attracting and training foreign nationals and the kind of support you have in doing that?

Mr. HART. First of all, in our institution, we have and in most of our colleges, those have roughly one-third State students, one-third out-of-State and one-third from foreign countries. I think that the diversity that you get there is very important, things that they learn outside of the classroom.

Mr. PRICE. I am sorry. One-third foreign students in what setting now?

Mr. HART. This is in the graduate program. These are goals that many colleges and departments have. Many of them come on their own and support themselves. There are limited number of research assistantships that they can compete for.

Some of our programs exclude sports programs, exclude foreign graduate students, but from my own view, this country has reaped tremendous benefits from the very talented students that we get from foreign countries, Asia or wherever and there is likely to be an increasing source of talent to help in the engineering areas and technology areas that we have to compete within this country.

Mr. GOODWIN. If I could say a word or two about that? I have done some work on the foreign student question. And I think it is a much unappreciated area of American economic activities. It is one of our major export industries. We probably have a contribution to our amounts of payments each year of something like $5 billion from our training in foreign students. We had something probably over $400,000 foreign students in this country along. The data is not good because it was collected in a way that makes possible errors. That is probably the order of magnitude.

Typically, I think we benefit in three ways. One is the source of income. Most of these students are paying their own way, and so they bring in lots of foreign exchange to pay for that.

Secondly, they essentially supply the low price labor in our teaching system programs across this country. They fill out graduate cards, which probably would not be there in many instances.

And thirdly, I think it is something that is hard to quantify but it is just enormously important. We develop friendships with leaders of foreign countries, which have enormous payoffs in subsequent years.

Political leaders, academic leaders, business leaders who forever more after they leave their education here think of the United States as their second home. I go and interview these people abroad and I think we very easily forget this enormous national benefit.

Mr. HART. It is something I think even the people in the universities aren't fully aware of. I remember when I was the Director of Graduate Students in Political Science, we admitted I think the first Ph.D. candidate of political science, I think, from mainland China and that was a considerable breakthrough. We were very excited about it. I had occasion to notice at the time of the Tiananmen Square tragedy a couple of years ago how many Chinese students are now a few years later studying in our universities here. I think well over 100 mainland Chinese students are at NC State, if I am not mistaken. A similar situation at Chapel Hill and only a few

less than that at hundreds of institutes from all over the world in this area. There are so many people on the university campuses, they are not fully aware of that presence.

Mr. GOODWIN. I would like to add here that 2 years ago, I worked with Fulbright's College and already in the late 1970's, it was clear that a large number of former Fulbrighters were occupying important government positions throughout Eastern Europe. What did that mean? Well, at the time, not much. Now we see many of these people play leading roles in the reforms of their country. The same is true to some extent in the Soviet scene.

Mr. PRICE. Have you observed in your experience with this any failures that trouble you? I think, for example, of the quality of experience that some foreign students seem to have had here. Occasionally, you get reports of foreign leaders who were terribly unhappy here, terribly alienated and who have enduring animosities against this country. I remember in my own graduate student days, how so many of these foreign students seem to be just scraping by and living in incredibly deprived circumstances, really having a very negative experience and not seeming to have anywhere to turn for adequate support. You talked about the number of people who come in paying their own way, but a number of these students are considerably more marginal, are they not?

Mr. GOODWIN. If I could respond to that point? I wrote a little book, called "Absence of Decision" in 1981, which essentially dealt with the American campus' approach to the foreign student. And our conclusion was that it was really quite outrageous at times how little we attended to their special needs and we called for a self-study.

Over the decade of the 1980's, there was much more attention by colleges and universities to the kinds of problems that they did have there. But by and large, the American system is not planned very much, things just happen. I am afraid that is the way it will always be, but at the same time, I think the Federal Government may be able to do some things at very low cost which will improve their planning and the information level.

Frequently, students come to this country having no conception of what they are going to find when they get here. Just making available information is something that would help the situation.

Mr. RALEIGH. The flip side of that question is the experience our own students have abroad and many had mixed experiences. We at one point had a goal in mind of having 3 percent of our undergraduate bodies spend time abroad taking part in studies of broad programs. That number has actually declined.

Mr. PRICE. Your goal or the actual number?

Mr. RALEIGH. The number of last year in reaching that goal part because of the events in the Middle East certainly and few of travel, et cetera, et cetera. But the very alarming trend, and I think this would substantiate the finding of my colleague, Dr. Goodwin here, and that was there clearly is an effort to reach out from the area studies programs, which are doing a very fine job and you, yourself said at this point, the success over the years of Title VI and other Federal funds but area studies are not enough. It is really a basic building block from which you need to spend all sorts of contact with professional schools in particular.

The lowest percentage of students expressing interest in programs came precisely from the professional schools and we are groping for answers for what this means and also trying to encourage them to expand to areas that to us seem fairly obvious.

Mr. PRICE. Professional schools as opposed to more traditional graduate school programs.

Mr. RALEIGH. Yes, I am referring to business schools, law schools, journalism, public health.

Mr. PRICE. Are you familiar with the MBA Enterprise Venture that has been——

Mr. RALEIGH. Yes, I am. As a matter of fact, we received a phone call last year from someone from the program asking us which East European language is easier to learn. Which one could we teach them in 6 weeks during the summer? We reported that we couldn't teach any of them in 6 weeks in the summer. We basically dismissed it. Maybe we were doing something incorrect. In other words, our experience underscored what we, ourselves, felt all along. And that was hubris, myopia, lack of real knowledge or concern of the outside world.

Mr. PRICE. It does seem to be though an interest and enthusiasm here that we ought to take advantage of, don't you think? It may mean a good deal more investment in training and preparation, but it is impressive to me the level of interest that the business schools and these top-flight universities have demonstrated in making a difference in Eastern Europe in learning about the situation and being of some help. We were pleased that in the current foreign operations appropriations bill, we have secured a ringing endorsement of that program and the merging of the appropriate agencies to give them support. But you are suggesting that people may be getting into a lot more than they bargained for.

Mr. RALEIGH. Oh, I think it is a great deal of tape to translate.

Mr. GOODWIN. My observation is that in the case of the professional schools, the pressures on them come from two places, from the alumni and the community practitioners in the case of business schools, businessman and in the case of law schools, people in practice and also from the students. The faculty are the most conservative. They are the ones who say the rest of the world doesn't matter.

Mr. PRICE. Well, in conclusion, let me just bring us back to Title VI a little more specifically.

Dr. Raleigh, you talked about the specific support that the Chapel Hill campus has received in two area studies programs, I believe, Latin America and Russia.

Mr. RALEIGH. That is together with Duke university. In both cases, the applications were submitted as a consortium arrangement.

Mr. PRICE. Latin America, Russian and European study is currently supported under Title VI. Does the specific program support at NC State or Duke go beyond this? Could you fill us in on that? The specific ways that the institutions have draw on Title VI?

Mr. RALEIGH. Well, I am sorry to tell you that our institution has not really been involved a great deal with Title VI, and that is something that we are trying to correct, of course, with this new strategic plan that we have developed.

When this happens, of course, you have an institution which learns or hopefully learns form past mistakes and gets into trying to compete with funds under Title VI, you work from a point of some distance. I don't believe, however, that as has been mentioned earlier, I don't believe that the programs in the country should be under funded or not funded because another institution, for example, such as ours is playing catch-up. I think what we would like to see is an opportunity not the closing out in some of the seating area that are part of both of the new provisions and given the opportunity we will compete under Title VI and let me just stop there.

Mr. HART. In our case, our fortunes have risen and fallen over the years. At the moment, they are rather high. We have four centers in addition to the two collaborative ones that we have mentioned. We have one Canadian study which has been in existence for 25 years.

Mr. PRICE. That has received Title VI?

Mr. HART. Yes. Right from the beginning. We have the first Title VI Canadian Center, and I think uninterrupted support. We also have an international studies, sort of general world affairs one, that supports an undergraduate comparative area studies major. So, we have these four. Let me say that I think that the pressure that was exerted just on the two institutions to collaborate in the areas of Latin America and Soviet and East Europe have been very salutary. I think that it has really shown the two institutions that they can accomplish more together than they can apart.

Mr. PRICE. What is the source of this pressure?

Mr. HART. Well, I think they simply realized that if they got together, that they would have in each case a critical mass that would be very hard to equal across the country, and they found that that was the case. And they are not enjoying working together. They are accomplishing a great deal.

Mr. PRICE. Has the budget process rewarded that kind of collaboration? Is that a consideration?

Mr. HART. Yes. These two institutions are perhaps the most successful in this country in collaborating. It is very striking. More so than urban institutions of Chicago, New York or San Francisco or Los Angeles.

Mr. PRICE. Well, to anyone who knows the history of Duke versus Chapel Hill, that is remarkable news. It used to be very bad form for someone teaching in one place to live in the other town and so forth. I think your suggestion that we get beyond the area studies approach, which has a kind of isolated quality about it, as important as these programs are, and figure out some way for Title VI to encourage the broader internationalizing of the university is a very good idea.

Mr. GOODWIN. Without frittering the money away, the problem you have obviously is you have $1,500 institutions of higher education and you have to be very selective, you have to only support those who have demonstrated a real commitment to accomplishing this international data. Our institution at the moment is going through a considerable self study, we hope, leading to something new and exciting.

Mr. PRICE. Well, thank you. This was a very productive discussion and this is an aspect of this reauthorization that deserves probably more discussion than it is getting. We understand the focus must be on student assistance, which is terribly important, critically important. But we did want to schedule this panel and bring some attention to bear on this critical aspect of international education and you have helped us do that very, very well.

This concludes our hearing, and as the last member here, as everyone else has caught their planes, I want to convey our thanks to a number of people who helped us with this hearing. Tom Wolanin, the chief counsel of the Postsecondary Education Subcommittee was very helpful in working with my staff and myself in planning this hearing, figuring out how we should approach this rather difficult subject matter. Maureen Long, Gloria Gray-Watson are with us here today and we appreciate their presence and their help.

The McKimmon Center has been a most hospitable location for our hearings today. We are grateful to Dennis Jackson, the Director, Betty Owen, Martha O'Quinn, Edgar Marshton, members of the maintenance staff, others who have helped us bring this off. We appreciate your hospitality, your generosity in hosting us and I, of course, don't want to neglect to thank my own staff. Joanne Ewing, John Maron, Nancy Paxton here in the District office, Paul Feldman, Gene Conti, Rachel Perry of the Washington Office, others who have pitched in and I think organized a very productive day of discussion on a critical issue.

We don't reauthorize the Higher Education Act every year. In fact, it comes up only periodically and a lot of what we have heard today, I think, indicates that we are dealing with a changing environment, an environment that is not what it was the last time we reauthorized these programs, let alone what it was when this act was first written in the mid-1960's. So it is very important for us to get this kind of input and to look very hard at the problems we are trying to address and the priorities we are trying to set.

So I thank all of you for your part in that and with that, we will adjourn here.

[Whereupon, the hearing was concluded.]

[Additional material submitted for the record follows.]

ecpi
COMPUTER INSTITUTE

July 3, 1991

Congressman David Price
1406 Longworth Office Building
Washington, DC 20515

Dear Congressman Price:

Thank you for the opportunity to testify on the Higher Education Act Reauthorization at the June 28 field hearing in Raleigh, North Carolina.

At the hearing, Representative Sawyer asked me to provide numbers to support my statement that private career school default rates had been reduced, and he agreed to hold the record of the hearing open for me to provide such data. Enclosed is the data I would like to have made a part of the record of the hearing. As you can see, private career school default rates have been reduced from 40% in 1988 to 26.8% in 1990.

Thank you again for the invitation to testify at the hearing.

Sincerely,

Steven L. Hitchner
Director

SLH/jds

BEST COPY AVAILABLE

National Association of Trade & Technical Schools
2251 Wisconsin Avenue North West Washington, DC 20007-4181
Telephone 202-333-1021
FAX 202-342-7263

NATTS

Federal Student Loan Cohort Default Rates
and
Percentage Change for 1988-1990
(Reported Fiscal Years 1986-1988)

Institution Type	(1988) FY'86 Rate	(1989) FY'87 Rate	Percent Change	(1990) *FY'88 Rate	Percent Change
Private Career Schools	40	32.6	-7.4	26.80	-5.80
Public Two-Year Institutions	20	18.1	-1.9	15.64	-2.46
Private Two-Year Institutions	20	13.2	-6.8	15.07	+1.87
Public Four-Year Institutions	9	6.8	-2.1	6.07	-0.73
Private Four-Year Institutions	9	7.1	-1.9	8.98	+1.88

Source: United States Department of Education

*Sector Analysis independently calculated by JBL Associates, Bethesda, Maryland.

TESTIMONY FOR THE CONGRESSIONAL HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

William D. Weston, Ph.D.
Director of Cooperative Education
North Carolina State University

June 28, 1991

TESTIMONY FOR THE CONGRESSIONAL HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

I represent the Coalition for Cooperative Education in providing this testimony at the Congressional Hearing on the Reauthorization of the Higher Education Act. The Coalition is comprised of the three large national cooperative education organizations: The Cooperative Education Association, Inc., The National Commission for Cooperative Education, and The Cooperative Education Division of the American Society for Engineering Education. North Carolina State University has institutional membership in the first two of these; I hold individual membership in the CED/ASEE.

I speak in support of the reauthorization of Title VIII of the Higher Education Act, which provides funding for campus-based cooperative education programs. North Carolina State University has used these funds in the past to initiate and improve cooperative education programs in all colleges. The North Carolina State University Program has grown by over 90% in student participation since Title VIII funding. There is a possibility that future Title VIII funding could be obtained to further expand the program to provide access for a greater number of students.

WHO BENEFITS FROM COOPERATIVE EDUCATION? Given today's multi-cultural work force, rapidly changing economic conditions, and the increasing need to educate college students for a career in a global economy, cooperative education is beneficial to the following populations:

1. LOW AND MIDDLE INCOME FAMILIES. As restrictions for financial aid increase, cooperative education becomes a safety net for students from middle income families who find themselves ineligible for federal financial aid programs and consequently priced out of a college education. Cooperative education (co-op) is open to any student regardless of financial status.

2. MINORITIES, WOMEN, AND THE DISABLED. Cooperative education has become an excellent vehicle for introducing minorities, women, and the disabled into the work force.

3. VETERANS. Cooperative Education can assist many new veterans in paying for college when they find themselves ineligible for financial aid.

On a broader scope, COOPERATIVE EDUCATION BENEFITS:

1. STUDENTS, by reinforcing classroom learning, instilling a work ethic, developing confidence and maturity, improving career skills and awareness, and enhancing employment opportunities at graduation. Studies consistently show that co-ops complete more courses, semesters, and degrees with better grades than do non-co-op students. For many students, cooperative education can provide a global awareness through valuable work experience with international companies. Of the 1,253 North Carolina State University co-op student placements last year, 41% worked at foreign owned firms. That percentage increases to 67% when U. S. parent companies with foreign holdings are included.

2. INSTITUTIONS, by attracting new students, increasing student graduation rates (over 90% for co-ops at North Carolina State University versus about 60% for non-co-op students), motivating employers to invest money and expertise in the educational process, helping keep curricula current, and offering career-relevant, state-of-the-art work experience.

3. EMPLOYERS, by providing a cost effective means of training potential career employees to meet future human resource needs. More than 60% of employer-student co-op relationships continue after graduation.

4. THE FEDERAL GOVERNMENT, by providing financial assistance paid by employers rather than the government. Money earned by the more than 250,000 co-op students, estimated to be in excess of $1.87 billion annually

($8.6 million earned last year by North Carolina State University co-ops), reduces the pressure on federal financial aid programs and the amount of money students must borrow for education expenses. Co-op students pay an estimated $225 million in income and social security taxes, which is more than a 1,600% return on the government's Title VIII investment. Co-op also helps the government better compete with private industry to attract gifted students from targeted populations and technical fields, with over 14,000 co-op students recruited in FY '90. No other program offers Title VIII's phenomenal rate of return.

IMPACT OF TITLE VIII REAUTHORIZATION. The cost effectiveness of this program, and its value to students, institutions, employers, and the federal government are extraordinary. However, two thirds of the colleges and universities in the country, representing about 13,000,000 students, have yet to develop cooperative education programs. In light of the escalating cost of higher education, fiscal constraint in institution finances, and the growing student debt and default rates, cooperative education should be available to a far greater number of students. Interest in co-op has increased greatly during the past five years of the Ad Council's national ad campaign for cooperative education. Since the beginning of the campaign, the number of students in co-op programs has increased by 48%.

In order for cooperative education to be available to more students, the federal government must continue and expand Title VIII funding to allow institutions to develop strong programs and increase outreach to traditionally underrepresented groups. Recognizing the importance of cooperative education, the Administration has included funding for Title VIII in the FY '92 budget request for the first time in over 10 years. The Congressional support which has maintained Title VIII funding since its inception is crucial to the expansion of student access to this vital program.

For these several reasons, I urge your support for the reauthorization of Title VIII of the Higher Education Act.

Statement to the
Subcommittee on Postsecondary Education
Committee on Education and Labor
United States House of Representatives

By Gwen A. Pearson
Doctoral Candidate in Entomology, North Carolina State University

Members of the Subcommittee: I would like to add to the comments of those testifying from my University, NCSU. First, I add my support to Chancellor Monteith's for Mr. Price's House Bill 349, which would restore the tax exempt status of graduate stipends and scholarships. As a Doctoral student in the sciences at NCSU, I can testify first-hand to the hardships graduate students endure. Graduate stipends range between $3000-$10,000 *per year*--before taxes. Most graduate students work at least 30-40 hours/week on their classes and research. Often stipends have teaching or research duties assigned, which may take an additional 20-25 hours/week. For most students stipends are their only source of income, because of restrictions imposed by the university--outside employment is prohibited by the terms of my stipend. Because of low stipends, a graduate degree is rapidly becoming only available to children of the wealthy. Students who are not from wealthy families resort to one of three strategies to survive--(1) borrowing money; (2) doing without, mainly without health insurance, car insurance, and adequate housing; and (3) the most common strategy, dropping out.

The average GSL indebtedness of the graduate students I know is about $16,000. Given the prevalence of postdoctoral positions as extended indentures in the scientific professions, many of these students will be in relatively low paying jobs ($17-19,000/yr) trying to make payments on loans. PhD students can expect to get tenure long before they pay off their loans. As other witnesses today have stated, this indebtedness profoundly influences the choice of research careers.

As for doing without: I was relieved that no one was in the parking lot before this hearing started. Hopefully, none of the participants saw me climbing out the window of my car--the doors are broken and I can't afford to fix them. I know students who have lived in their cars or slept in university buildings, hiding from janitorial staff, because of an inability to pay rent. Most of my friends routinely go without medical and dental care because of an inability to pay.

I have seen many students drop out, and nearly dropped out myself several times as a masters student, living on $4000/yr ($5500 minus $1500 for tuition and insurance). These dropouts were some of the brightest of the students, but were unable to cope with the financial or time demands of

graduate school. Often these students, both male and female, were trying to support a family and could not do it. Is being childless the price of an education?

Universities, Industry, and the Nation reap vast profits and benefits from these future scholars' work, for a very small individual price. Without graduate student labor, university research would come to a grinding halt--as well as many fields of undergraduate education. The cost of tax exemption in lost income to the government is small--about $1000 dollars per student--compared to the potential contributions by these students. The cost to the students of this lost income is enormous--that $1000 represents a years tuition, or a health policy, adequate child care, or almost 1/2 a years rent.

Secondly, I would like to address a question Mr. Price directed at Ms. Hasoni Andrews, also of NCSU. He asked her opinion of the suggestion to make a 2.0 GPA a prerequisite for maintaining GSL support. Ms. Andrews was not in support of this idea, and neither am I. In fact, I can't think of a *worse* idea. Personally, as a freshman, I had a 1.3 GPA my first semester. I had difficulty adjusting to the stressful transition from home to university life. My Masters' GPA was 3.9, and my Doctoral GPA should be a 3.6. I have received an award from the Entomological Society of America, and was named NCSU Outstanding Woman in 1990. In short, I am an excellent student doing important agricultural research--and I certainly never would have finished school if this rule were in effect.

Not only does this rule ignore the realities of freshman experiences, it will unfairly disadvantage poorer students. While teaching introductory freshman biology, I clearly saw that students from low-income school districts were least prepared for college. Should we penalize these students, who are quite capable, simply because their high school was inadequate? It goes without saying that restrictions which impact low income students will impact minorities and women disproportionately.

Lastly, as a teacher, I know that grades are arbitrary. Abominable teachers exist that routinely flunk their students, not for lack of knowledge but an inability to teach. My sophomore chemistry professor gave 200 point tests, the average score on which was usually a 30. Were we stupid? No, he was a bad teacher. I can name at least 6 similar teachers at NCSU.

I hope that the Subcommittee will resist all efforts to link GPA to any grant or loan programs.

Thank-you for the opportunity to present my views on the Higher Education Act Reauthorization.

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